Salford Business School

AUDITORS' LIABILITY CAPPING: IMPACT ON LISTED COMPANIES' FINANCIAL STATEMENTS INTEGRITY, AUDIT MARKET AND ITS PROFESSION IN THE UNITED KINGDOM

(A STUDY OF AUDIT REFORMS IN THE UK)

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ABSTRACT

Purpose: The UK government is reluctant to adopt auditors' professional liability capping strategy as recommended by the European Union in 2008 based on fear of poor audit quality. Therefore, this study aims to investigate whether auditors in the UK will relax their professional scepticism attitude towards financial statements integrity; whether capping can help to demonopolize the current audit market in the UK that is currently dominated by the big four audit firms; and whether audit profession can survive and grow in the face of colossal legal claims against auditors in the UK through a qualitative empirical study.

Methodology/Methods: The underpinning philosophical stance of this study is interpretivism as the topic centres on human behaviours. It has collected and analysed primary data based on survey of 2000 population and 30 semi-structured interviews among audit staff in the UK, using descriptive statistics and as a means of data analysis.

Significance: This study will promote a non-monodirectional audit reform in the UK through policy makers.

Contribution: This study revealed that auditor's liability capping is the panacea to the existing large legal claims against auditors in the UK. Therefore, the study has uncovered the existing knowledge gap regarding the impact of auditors' professional liability capping on listed companies' financial statements integrity, the audit market and audit profession in the UK within the ambit of numerous literatures on the topic.

Keywords: auditors' liability capping, audit market, and audit quality.

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LIST OF ABBREVIATIONS

ACCA: ASSOCIATION OF CHARTERED CERTIFIED ACCOUNTANTS

AG: AGREE

ASIC: AUSTRALIAN SECURITIES AND INVESTMENT COMMISSION

BH: BINDER HAMLYN

D: DISAGREE

DF: DEGREE OF FREEDOM

EUC: EUROPEAN UNION COMMISSION

EY: ERNEST AND YOUNG

FRC: FINANCIAL REPORTING COUNCIL

GDP: GROSS DOMESTIC PRODUCT

IAS: INTERNATIONAL ACCOUNTING STANDARD

ICAEW: INSTITUTE OF CHARTERED ACCOUNTANTS ENGLAND AND WALES

IFIAR: INTERNATIONAL FORUM OF INDEPENDENT AUDIT REGULATION

IFRSs: INTERNATIONAL FINANCIAL REPORTING STANDARDS

N: NEUTRAL

PCAOB: PUBLIC COMPANY ACCOUNTING OVERSIGHT BOARD

RBS: ROYAL BANK OF SCOTLAND

SA: STRONGLY AGREE

SAS: STATEMENTS OF AUDITING STANDARD

SD: STRONGLY DISAGREE

SEC: SECURITY EXCHANGE COMMISSION

UK: UNITED KINGDOM

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CHAPTER ONE

1.0 INTRODUCTION

Following the demise of Enron Corporation in the United States of America and its auditors (Arthur Andersen) in 2002 and the collapsed of Northern Rock Bank in the UK in 2007, the amount of legal claims against auditors in the United Kingdom has increased significantly (Samsonova-Taddei & Humphrey, 2015). Thus, it has been argued that the unprecedented corporate failures in the last decade were allegedly attributed to financial statements window-dressing or accounting irregularities by some listed companies. This has led to aged-long debate in the UK in relation to auditors' liability capping.

The most recent, but infamous accounting irregularities as reported in the UK is the Tesco saga, where profit was allegedly overstated by £264 million in 2014 (Felsted & Oakley, 2014). The demise of Enron in 2001 in the United States, Independent Insurance collapsed in the UK, the collapsed of Northern Rock Bank in the UK in 2007**,** and the collapsed of Nortel Networks in Canada in 2002 were all attributed to accounting irregularities (Thorne et al., 2010).

Bollen et al., (2005), find out in their study that a significant category of business failures in Europe are related to fraudulent or unethical behaviour by company managers or employees. By interpretation, if this infamous, but accounting malpractices continues, auditors are most likely to be sued by various stakeholders as defective financial statements will become inevitable. This unpleasant situation manifested in the UK particularly as the level of civil claim against auditors in the UK increased to a point that company's Act of 2000 was changed in 2006 in attempt to ameliorate auditors' liability by the UK government.

As the level of litigations against auditors increased across Europe, the European Union Commission recommended measures in 2008 on how to minimize auditors' liability, following its threat to the profession's existence. (Flores, 2011; Giudici, 2012; Samsonova & Humphrey, 2014).

However, the regulatory effort from the UK government and the European Union as mentioned above, regarding the appropriate strategy on how to limit auditors' liability has evoked divergent opinions from various stakeholders on the subject matter (Humphrey & Samsonova, 2015; Philipsen, 2014).

Watts and Zimmermann (1983), Lim and Tan (2008), Firth (1990), Wilson and Grimlund (1990), Weber et al., (2008) argued that audit failure do affect auditors' reputation even when there is no legal claim against them as this adversely impact on their market share. In the same vein, European Union (2008), Arthur Andersen &Co, et al., (1996), Philipsen (2014), Davies, (2010) advocated for auditors' liability reforms in the UK in order to possibly salvage the audit profession from going into extinction or the demise of another big 4 accounting firms.

As the presumably genuine campaign for auditors' liability reforms continues in the UK, there is a lacuna if the impact of the anticipated reform is not properly ex-ray in relation to listed companies' financial statements integrity, audit market and its profession in the UK. This is where this study sits. Thus, it intends to cover the existing vacuum on this topic as it builds on exiting literature in conjunction with primary data collection.

By exploring information from relevant accounting literature and empirical data within the study, it is hoped that important contribution has been made to this aged-long debateable topic through this study. Thus, a rethink on a topical subject area of this magnitude could be stimulated. Furthermore, the concerns raised by various stakeholders on this subject area could be hopefully addressed.

2.0 MOTIVE

There has been a growing concern among academics, lawyers, shareholders, and Auditors in the United Kingdom regarding the need to limit auditor's civil liabilities. Though the UK legislation have experienced changes in the past decade to possibly meet the yearnings of various stakeholders regarding auditors' civil liabilities in the UK, this effort has proved futile as the value of litigation claims against auditors in the UK has grown exponentially over the years. Therefore, the motive of this study is of twofold: firstly, to properly investigate the impact auditor liability capping can possibly have on listed companies' financial statements' integrity, audit market and its profession in the UK. Secondly, to possibly aid the UK government through this study in order to possibly avoid mono-directional audit reform which could possibly cause a demise among the big four accounting firms in the UK as cautioned by European Union Commission in 2008.

3.0 BACKGROUND OF THE STUDY

Auditors' liabilities have been a topical debate for the past decade in the UK (Moizer & Hansford-Smith,1998). The debate has metamorphosed through several legal shifts (Bush et al., 2007). For example, the debate has graduated from joint-and-several liabilities as encapsulated in the UK Company's act of 2000, to limited liabilities partnerships in the UK Company's act of 2006 (Davis, 2010).

Currently, the debate is resting on the following liability sharing formulae: proportionate liabilities sharing among the parties that contribute to the misstatements of financial statements (company's directors and auditors), liability limitation agreement (LLA) as approved by shareholders, and liability capping as a multiple of audit fees (Firth et al., 2011).

Joint-and-several liabilities law in the UK, permit shareholders of companies to sue an audit firm and its partners for the full recovery of their financial losses resulting from defective financial statements (Chung et al., 2010). On the other hand, proportionate liabilities sharing will require auditors to contribute to the remuneration of the financially injured party, based on their material negligence (Hughes, 2009). In contrast, auditors' liabilities capping is based on the multiple of audit fee, while liability limitation agreement between listed companies' directors and its auditors must be approved by shareholders (Finley, 2015).

AS the debate for auditors' liability capping lingers, critiques could ponder to know why shareholders hire the service of auditors in the first place. For example, auditors' liability is a function of auditors' services. Wallace, (2004); Yu, (2012); Finley, (2015) argued that shareholders do hire the services of auditor owing to the following reasons: Firstly, there is a divorce between ownership and management of companies. Thus, as shareholders delegate management power to directors, agency concept erupts and conflict of interest between shareholders and directors could emerge. Secondly, the problem of information asymmetry exists between directors and shareholders as the latter do not have daily operational information of the company. Therefore, it is expected that auditors should bridge the gap and help to minimize the fiduciary relationships breach risk that could exist between the shareholders of a company and its directors as the latter is information equipped than the former (Flood, 2011). The aforementioned gap in the UK's company act of 2006 is termed 'duty of care' from auditors to shareholders. It is this duty of care that forms one of the bases of auditors' liabilities in the UK.

European Union Commission, [EUC] (2008) noted there is a growing fear that if auditors' liability is not controlled, the resultant effect could become colossally unbearable. Upon this understanding, the EUC recommended to European countries in 2008 on how to find a possible solution to the epidemics of legal suits against auditors.

Paradoxically, there is also a growing fear in the UK, that capping auditor's liabilities could adversely affect the integrity of listed companies' financial statements, audit profession and its market in the UK (Simunic et al., 2008; Francis and Yu, 2009; Amini & Ahmadi, 2015). In contrast Andre, et al., (2011.) argued that the fear is borne out of myopia. They further cautioned that in order to avoid dumping the expectations of accounting information users in the abyss, auditors' liabilities capping is urgently necessary.

The above existing dichotomies and fears among professionals and investors in the UK stems the basis of this study. Thus, to investigate the impact auditor's liabilities capping could possibly have on listed companies' financial statements' integrity, audit profession and its market in the UK.

Owing to the vast nature of this aged-long, contemporary and controversial topic as different groups of stakeholders hold divergent constructs on the debateable topic, it is imperative in the light of this study to investigate the impact auditors' liability capping can possibly have on listed companies' financial statements' integrity, the audit profession and its market in the UK. The study also examines the drivers of this debateable topic. Thus, legal precedents and pronouncements were examined in detail in order to possibly gauge the legal stance, the ontological, epistemological and the philosophical constructs held by various stakeholders on this topic.

4.0 AIM OF THE STUDY

The overall aim of this study is to properly investigate the impact auditors' liabilities capping can possibly have on listed companies' financial statements' integrity, audit profession and its market in the UK.

5.0 OBJECTIVES OF THE STUDY

Within the context of auditors' liabilities capping and its impact on listed companies' financial statements integrity, the audit profession and its market in the UK, the specific objectives of this study are as follows:

1. To gain an understanding from the perspective of the qualified and non-qualified Accountants in the UK, whether auditors in the UK will relax their professional scepticism attitude if their liability is capped.
2. To investigate whether auditors' liability capping can possibly demonopolize the UK audit market that is currently controlled by the Big Four international audit firms.
3. To investigate whether audit profession in the UK can survive and grow should the UK Chartered Accountants are continuously exposed to unlimited liability business risk.

6.0 RESEARCH QUESTION

This study examines the following questions in the light of this debateable topic in order to possibly come up with plausible conclusion and recommendations at the end of the study.

Will auditors in the UK maintain a professional scepticism attitude If their professional liability is capped?

Can auditors' liability capping help to demonopolize the current UK audit market?

Can audit profession in the UK survive and grow should the UK Chartered Accountants are continuously exposed to unlimited liability business risk.

What are the sources and drivers of auditors' liability in the UK?

7.0 SCOPE OF THE STUDY

A research of this magnitude centres on vast and contemporary issues within the UK. Consequently, the study is confined to the UK. Time limitation on the research topic and its associated financial cost propelled the researcher to opt for the above-mentioned option. Moreover, credibility, transferability, dependability and confirmability as expected within the study was another propelling force.

The target audience are: Qualified and non-qualified Accountants in the UK, institutional and individual shareholders of listed companies and top management in the UK. The essence of this choice is because the issue at stake is presumed having impact on the chosen audience in practical terms. Therefore, the researcher deemed it expedient to have their opinions and feelings described, analysed, discussed and summarised within the study.

8.0 STATEMENT OF THE PROBLEM

Following the unprecedented corporate failures in the last decade, and the allegedly window-dressing of financial statements by listed companies, resulting from arguably accounting irregularities across the globe, auditors' liability has been an aged-long debate in the UK. The most recent, but infamous accounting irregularities as reported in the UK is the Tesco saga, where profit was allegedly overstated by £264 million in 2014 (Felsted & Oakley, 2014). The demise of Enron in 2001 in the United States, Independent Insurance collapsed in the UK, the collapsed of Northern Rock Bank in the UK in 2007**,** and the collapsed of Nortel Networks in Canada in 2002 were all attributed to accounting irregularities (Thorne et al., 2010).

In 2008, the EU recommended three strategies to its member states as a possible strategy that could help to ameliorate pathetic legal claim against auditors in Europe. Auditors liability capping was one of the three strategies. This strategy was necessitated by the danger of the audit profession going into extinction resulting from civil liabilities (Davie, 2010).

In the same vein, it is anticipated that the UK government may legalise auditors' liabilities capping, without a due consideration on its likely impact on listed companies' financial statements' integrity, audit market and its profession in the UK (Defond, 2012).

9.0 STRUCTURE OF THE STUDY

This thesis is structured into eight chapters as follows. Chapter one: This consists of the introduction that primarily investigated the development of auditors' liability in the UK within the scope of the study. Motive of the study. This section briefly explained the motive that propelled the study. Background of the study. This section explained the various stages of failed audit reforms in the UK, the existing dichotomies and debate that have emanated from the controversial topic. Aim of the study. This section briefly states the overall aim of the study which is to understand the possible impact of audit reform in the UK. Objective of the study. This section clearly stated the specific objectives of the study. Research questions. This section clearly defined the study questions as a guide. Scope of the study. This section briefly defined and narrow the scope of the study to the UK only. Statement of the problems. This section highlights accounting irregularities practices and its implication in the UK within the context of the study.

Chapter Two: Conceptual framework. This section consists of conceptual framework in relation to the study.

Chapter Three: Literature Review. This chapter was organized into fourteen broad sections. It primarily focused on the history and development of auditors' liability in the UK, the source or drivers of auditors' liability in the UK and the measures the UK has taken in order to enhance financial statement integrity.

Chapter four: Research Methodology and methods. This chapter depicted in detail the philosophical stance of the study, research methods and procedures that comprised the research protocol utilized in line with the research plan within the study. The research plan introduced the overall research design protocol. Attention was given to the role of the researcher and ideas generated by a pilot study. A detailed protocol addressing sampling procedures, participant selection, data collection and analysis procedures, as well as issues related to the reliability, validity, and trustworthiness of findings were specified.

Chapter Five: This chapter is made up of qualitative data analysis and discussion of interviews findings of the study. Thus, analysis of data collected was described having used interview protocol as method of inquiry in gaining the solicitation of verbal data. The findings of the collected data were transcribed to learn about participants' perceptions, feeling and experiences. Particular attention was given to a discussion of the findings to establish the trustworthiness of conclusions.

Chapter Six: This chapter is made of analysis and discussion of survey findings of the study. Particular attention was given to the discussion of findings in the previous chapter and some accounting literature in chapter three, using descriptive statistics as a method of analysis in order to enhance a robust description, analysis and discussion.

Chapter Seven: This chapter consists of conclusion, contribution, recommendations based on findings from the study, implications and summary. Attention was given to addressing the implications of the findings, as well as providing suggestions for future research on the topic.

Chapter eight: This is the last part of the study; it contains details of in-text references.

10.0 CHAPTER SUMMARY

This chapter has summarily presented the entirety of the study by giving readers a mental picture of what they can found in each chapter within the study. It started with introduction which briefly elucidated into corporate failure which has formed the basis of auditors' liability in the UK and ended with the study structure.

Having presumably gain an understanding regarding what this study entails through this chapter, the next chapter will look into conceptual framework. Thus, it will look into conceptual framework from definition perspective and explain the conceptual framework that underpin the study.

CHAPTER TWO: CONCEPTUAL FRAMEWORKS

2.0 INTRODUCTION

In order to realise the objective of this section in relation to what it is meant to do within the context of this study, it is deemed expedient to quickly bring to the attention of readers what "concept" means. For example, Antonenko, (2015) lamented that though there is great deal of consonance among scholars regarding the significance of conceptual frameworks in social study, conceptual frameworks have been interchangeably used with theoretical frameworks though their meanings are different. Thus, a pronounced lack of understanding regarding the definition and functions of conceptual frameworks which could in turn impedes on researchers' ability in designing an effective research. Jabareen, (2009) argued that "conceptual framework" and theoretical framework are often vaguely and imprecisely used interchangeably in some literature, despite their difference in meanings and functions. Imenda, (2014) argued that while a theoretical framework is theory-based study with deductive approach, conceptual framework tends to build on existing theory, or construct a model or theory in explaining a phenomenon using inductive approach.

The above corroborative explanations suggest that an understanding about concept could potentially enhances readers understanding about conceptual frameworks and it could possibly help to avoid academic guess work in relation to the use of some terminologies in this study.

Merriam-Webster online dictionary defined concept to be "an idea of what something is or how it works". In the same vein, Jabareen, (2009) noted that "every concept contains components originating from other concepts; and every concept is considered as the point of coincidence". Bryman, (2016, P.151) defined concept to be the building blocks of theory and points with which social research is conducted.

Based on the unambiguous definitions and explanation of concept within its usage in this section, it can be reasonably argued that concept is not a stand-alone term. Thus, it relates to other belief and theories in making meanings and explanations in social research.

Having presumably gained an understanding about the term "concept", the question that follows is: what is conceptual framework, and where and how is it used in research? Miles et al., (2014. P.20) described conceptual framework to be a graphically or narrative form of expression that reveals the key factors, variables, constructs and presumed interrelationship among them within a study. Ravitch, and Riggan, (2012) viewed conceptual framework to be an argument in a study that reveal why a study is significant, and why the means of the proposed strategy is appropriate. In the same vein, *Tamene, (2016*) defined conceptual framework to be related concepts that link the core components of the research design that responds to the questions in qualitative research paradigms and are products of qualitative processes of theorization,

Corroboratively, Creswell, (2015. P. 8) defined conceptual frameworks to be the general beliefs, diagrams or assumptions that underpin a study.

Based on the views, definitions, and explanations of conceptual framework as evidenced within this section, it can be reasonably interpreted that conceptual framework serves as a guide for empirical study, hence it specifies questions and strategies to be explored. Thus, it is the intellectual platform that help to maintain ontological and epistemological consistency within a study, by underpinning and contextualising the various facets of a study.

Having presumably gained an understanding about conceptual framework within the remits of definitions and explanations, thus as the base line for valid explanations and creation of understanding in qualitative research, the conceptual framework that underpin this study is called agency behaviour as diagrammatically designed by the researcher within figure 2.1 below.

The essence of figure 2.1 below are of fivefold:

- It revealed to readers of this study, the parties that can arguably contribute to the misstatement of financial statements in the UK as indicated by the arrows pointing at defective financial statements within figure 2.1 below. These parties are; Executive directors, Audit committee, Chief Accountant and External Auditors.
- It also suggests to readers of this research that defective financial statement on the other hand can adversely affect audit profession in the UK as the arrow that emanated from defective financial statements position is pointing at audit profession as evidenced in figure 2.1 below. This is more likely to be the case in the UK if young talents are discouraged from venturing into audit profession in the UK resulting from business risk.
- Moreover, figure 2.1 below suggest to readers that auditors' liability is a derivative of defective financial statements as the arrow from defective financial statement position is pointing at auditors' liability.
- The diagram as depicted in figure 2.1 below suggest that auditors' liability on the spectrum can adversely affect audit market and external auditors in the UK. Thus, colossal legal claims against auditors in the UK could cause the UK audit market and the number of registered auditors in the UK to shrink as indicated

by the two arrows from auditors' liability position, pointing at audit market and external auditors respectively.

- Finally, figure 2.1 below also suggest to readers that auditors' liability can adversely affect audit market, audit profession and external auditors in the UK. Thus, the arrows that emanated from auditors' liability positions pointed directly to audit market, audit profession and external auditors in the UK.

Based on explanations regarding figure 2.1 as witnessed within this section, it can be argued that the conceptual framework of this study has graphically revealed the key factors, variables, and presumed interrelationship among them within the study as advocated by Miles et al.,(2014. P.20).

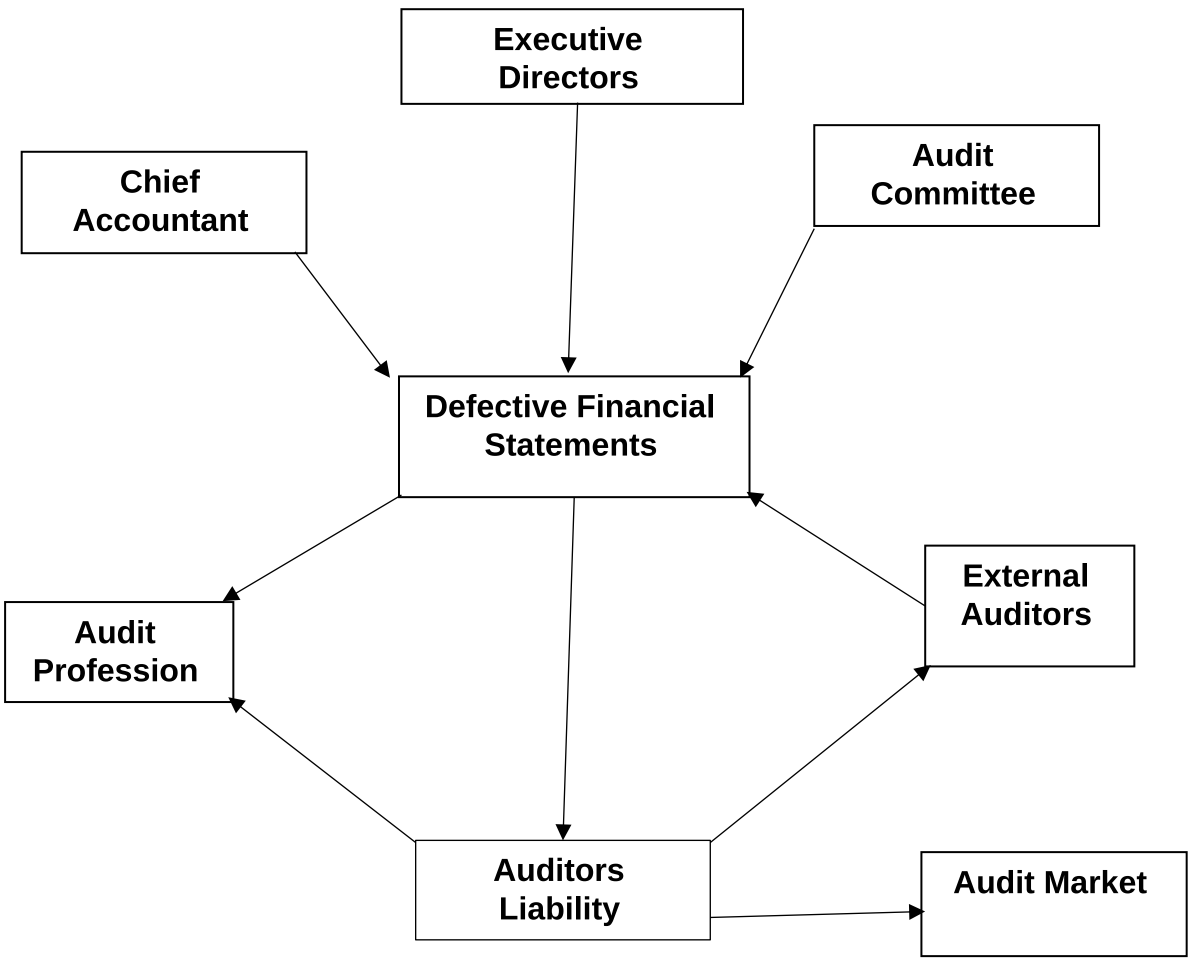

FIGURE 2. 1 CONCEPTUAL FRAMEWORK (AGENCY BEHAVIOUR)

As depicted in figure 2.1, it could be construed that agents at various capacities are the architects of defective financial statements. If this hypothetical statement is deemed valid, auditors' liability in the UK could be seen to be a product of agents' collective failure. For example, the executive directors are responsible for the listed companies' general strategic policies formation as required by the UK corporate governance code. (Financial Reporting Council 2016). The executive directors are also responsible for the assurance of internal control efficacy (Financial reporting Council 2014). The internal control departments are usually headed by a senior management called "Chief Accountant". The primary function of internal control is to ensure that data are accurately captured, and that reports are produced purportedly.

On the other hand, the audit committee work collectively with the executive directors towards the strengthening of financial statement integrity. The audit committee usually assesses the adequacy of internal control mechanisms while the chief Accountant report directly to audit committee in relation to internal control deficiency or efficacy (FRC, 2014). The remedial effort of audit committee in this direction is expected to further strengthen the integrity of financial statements. If internal control mechanisms are found to be weak as reported by the Chief Accountant, or as directly detected by the audit committee, this weakness will be reported to the executive directors for immediate corrections.

The external auditors on the spectrum, as indicated within figure 2.1, assesses the fair preparation and presentation of financial statements as required by the UK corporate governance code (FRC 2012). Thus, the responsibility of auditors in this case is to assess and report, whether the financial statements that are prepared and presented by companies' directors "represent the true and fair view of the companies' financial position" at that material time (FRC 2012).

As evidenced in figure 2.1, the defectiveness of financial statements which could invariably cascaded into auditors' liability in the UK can be described to be an aggregated agency failure. The executive directors might have failed to set up an effective internal control system. Thus, weak internal control mechanisms that can be circumvented by unauthorised person or officers within or outside the company; failure of audit committee who could not spot the weakness in the internal control mechanisms, as they are required to do some control testing unannounced, thereby strengthening the integrity of financial statements as produced from the system. Recall that it is a requirement from the UK corporate governance code perspective that at least one member of audit committee should have recent financial reporting experience in the UK (Miko & Kamardin, 2015; FRC 2016). Next is the failure of the Chief Accountant who could not spot and report any weakness in the internal control system. For example, the difference in inventory at the beginning and end of accounting period would represents goods sold for the period. If this value is multiplied by selling price, sales revenue will be arrived at. Discrepancy between good sold for the period and sales revenue will suggest to the Chief Accountant that financial statements are at the risk of being wind-dressed.

The above analogy was the case in Tesco sage in 2014, when profit was overstated by £264M (Felsted & Oakley, 2014; The guardian, 2016). In this case, unsold inventory was recognised as revenue. At the same time, the same inventory value was recognised at the statement of financial position as current assets. On aggregate, this resulted to double accounting practice and non-challan attitude towards the conformity of IAS 18 rules in relation to revenue recognition.

The final agency failure as depicted in figure 2.1 is the external auditors' failure. Professionally speaking, auditors are expected to express positive assurance in relation to financial statements. Thus, that nothing has come to their notice that would make them to cast any doubt on the integrity of the financial statements, as prepared and presented to them by the companies' director. Based on this understanding, external auditors usually issue unqualified reported on the financial statements.

On aggregate, the collective agents' failure within the context of auditor liability in the UK as evidenced in figure 2.1 could possibly resulted to defective financial statements. When financial statements become defective, shareholders usually sue auditors in the UK as they felt bamboozled (ACCA, 2013).

The impact of auditors' liability in the UK as indicated in figure 2.1 are of various dimensions. Firstly, audit market in the UK has been monopolised by the big four. Namely, Deloitte, PWC, KPMG, and EY. Evidence from literature review within this study suggests that audit clients are only accepting audit firms who can afford damages claims from shareholders if financial statements become defective (Philisen, 2014). As a result, the big four dominate the UK audit market based on financial muscles which they flex when it comes to damages pay out (Davies, 2010).

The second effect of auditors' liability in the UK is the size of external auditors in the UK. The medium size audit firms in the UK are not willing to accept large companies as their clients, or shareholders in the UK refusal to accept medium size audit firm based on "deep pocket" reason (Davies, 2010 ; Philisen, 2014). Consequently, the number of external auditors that are available in the UK will continue to shrink. If this become the case, auditors' liability in the UK could become inevitable. For example, the demand for the service of external auditors in the UK could be higher than its supply within the context of the big four.

Based on discussion within the lens of agency behaviour as witnessed in this section, questions that could readily come to mind within this section is: who is an agent and whether there is any existing theory that could possibly help to explain agency behaviour as discussed within figure 2.1; why agents can possibly fail to represent the best interest of their principal and whether agency behaviour has financial cost implication? Answers to these questions are discussed below.

Practical Law, (2020), defined an agent to be someone who agrees and is authorized to act on behalf of another, a principal, in pursuant to agency relationship. In the same vein, Collins Dictionary of Law, (2006) defined an agent to be “a person who is authorized to act for another (the agent's principal) through employment, by contract or apparent authority”.

It can be reasonably construe from the above definitions that an agent is someone who exercises a delegated authority on behalf of another party called principal.

Having unambiguously gained an understanding about agent based on the above definitions, the remaining questions regarding any existing theory that can possibly help to explain agency behaviour and why agents can possibly fail to represent the best of their principal in conjunction with agency cost will be discussed below simultaneously.

The existing theory that can possibly help to explain the behaviour of agents within the realm of this study is called agency theory. Therefore, agency theory will serve as panacea being the existing theory that can possibly help to explain agency behaviour in conjunction with the cost implication of monitoring agents within the remit of this section.

The premise of agency theory holds that the fiduciary confidence that is reposed on directors of listed companies by their principals (shareholders) could be abused in the form of moral hazard as a result of self-interest or personal aggrandisement motive (Jensen and Meckling ,1976). The synopsis of agency theory as propounded by Jensen and Meckling in relation to this study is that when shareholders delegate management and professional authority to directors and external auditors, principal-agent relationship has been established. While shareholders are the principal, directors and external auditors are the agents. The theory explained that both principal and agent are self-centred, that they consider their personal aggrandisement as a top priority.

By interpretation, agency theory suggests that there is a potential risk that the two agents within the context of this study (companies' directors and statutory auditors) could breach the fiduciary relationship that is reposed on them by their principals (shareholders) in the form of moral hazard resulting from self-interest. Based on this presumption, agency theory suggested that there should be goal congruence contract that could serve as mitigation strategy in the light of self-interest risk. Thus, a contract between principal and agent should be written in such a manner that both party's interest should be incorporated in the contract so that the performance of an agent can be monitored, measured and analysed objectively (Jensen and Meckling ,1976).

Agency theory further identified several types of costs which are associated with the panacea to conflict of interest based on agency relationship. However, some of these cost implications are not criticism free. For example, Al-Saidi & Al-Shammari, (2013) argued that agency theory is primarily concerned with how best to align the interests of agents to that of principal, or how best to possibly motivate agents in order to mitigate the risk towards objectivity. Whether this criticism is acceptable to reader of this study is another question that is beyond the scope of this study.

Critics could argue within the lens of agency theory that it is feasible for directors of companies who are primary agents to the shareholders (principal) to possibly window-dress financial statements in order to present a false claim healthy financial statement. In the same vein, that auditors can possibly circumvent audit methodology (substantive testing) in order to possibly minimise audit cost. All to the detriments of their principal (shareholders). If this become the case in the UK, one could reasonably argue that the criticism of Al-Saidi & Al-Shammari, (2013) lacked merit.

The implication of agency theory in relation to this study is that financial statements' integrity must be monitored effectively and efficiently if the expectation of accounting information users regarding "true and fair view" of financial position of entities must not go into abyss.

Another implication is that the cost of enhancing financial statements' integrity could be expensive. For example, both directors and external auditors are agents to their principal (shareholders). While directors are the primary agent, external auditors are the secondary agents. Because of this argument, part of this research questions were carefully formulated in order to possibly gauge the anticipated impact capping could have on audited financial statements' integrity in the UK, audit market and its profession in the UK in relation to agency behavior that is egocentric in line with agency theory presumption. Thus. will auditors in the UK display a lackadaisical attitude if their civil liability is capped?

Though the premise of agency theory appeared valid as it forms the fundamental basis of explaining the research phenomenon in terms of human behavior, yet, the theory is not criticism free. For example, Nyberg et al., (2010), argued that the incentive alignment as propounded by agency theory lacked empirical studies prove among

Chief Executive officer (CEO). Furthermore, the incentive excludes auditors completely.

The views of O'Reilly and Main, (2010) appeared to have had a positive correlation to the views of Nyberg et al. They argued that empirical studies do not support the views of agency theory on the ground of incentives and performance.

The opinion of the researcher regarding the proposition of agency theory is that the theory tends to be myopic in nature. For example, the theory failed to recognise the fact that principal and agent could have different risk appetite. This could in turn impact on investment decision of directors in the UK. Concerning auditors, their audit methodology could be circumvented by directors resulting from their financial reporting knowledge or the auditors are unable to detect material misstatements in the financial statements based on their inherent potentiality. If this becomes the case, is principal's interest fully represented by the auditors?

One of the merits of agency theory is that it has successfully explained what one could expect as a plausible outcome in relation to the research questions. The theory explained that the natural agent behaviour which is based on self-interest will prevail. However, empirical study has been conducted within this study in order to possibly gauge the updated social reality regarding agency behaviour within the context of this study. This is necessary because the premise of this study's philosophical stance holds that social reality as constructed by human exist in variegated forms, and that they are time and context contingent (Biggam, 2015, P. 168). It could be argued therefore, that the social reality that existed in the days of Jensen and Meckling might have evolved significantly within the lens of time and context.

It should be noted however that agency theory play a pivotal role in this study as it has possibly explained how an agent could behave (auditors in the UK) if their professional liability is capped, thereby answering the why and how questions within a qualitative study of this magnitude.

2.1 CHAPTER SUMMARY

In summary, future behaviour of agents are volatile as they are difficult to predict. If this ontological view is deemed or construe to be valid, the need to conduct empirical study in relation to this study become justifiable.

Having discussed agency theory in the light of auditors in the UK presumed behaviour which could be at variance with shareholders' interest if their professional liability is capped as well as its merits and criticisms, the next chapter which is literature review will principally look into the development of auditors' liability, drivers and sources of auditors' liability, the effort of the UK government and accountancy professional bodies in the UK towards the strengthening of financial statements integrity in the UK.

CHAPTER THREE

LITERATURE REVIEW: DEVELOPMENT OF AUDITORS LIABILITY IN THE UK

3.0 INTRODUCTION

The purpose of this chapter is to gain a fuller understanding and contribute into the debate about the sources, driver of auditors' liability and audit failure in detail. This is expedient because auditors' liability is a product of audit failure.

In order to realise the aforementioned purpose, this chapter is structured as follows: Section 3.1 briefly looked into the overview of the Auditors' Liability in the UK. 3:2 briefly looked into the definition of audit. section 3:3 examined the history of audit and auditors in the UK. Section 3:4 examined the development of auditors' liability in the UK in detail. Section 3:5 examined the definition of audit failure. Section 3:6 examined in detail the drivers of audit failure. Section 3:7 examined some of the source of auditors' liability in the UK. Section 3:8 investigated the drivers of auditors' liability in the UK. Section 3:9 investigated the UK government and accounting professional body in the UK regulatory effort towards auditors' liability problem in the UK. Section 3:10 examined part of stakeholder constructs. Section 3.11 summarised the entire chapter.

3.1 Overview of Auditors' Liability in the UK

Auditors' liability has become an aged long topical debate in the UK for the past decade (Moizer & Hansford-Smith,1998). The debate has evolved through several legal amendments (Bush et al., 2007). For example, the debate has shifted from several-and-joint liabilities as detailed in the UK Company's act of 2000, to limited liabilities partnerships as reported in the Company's act of 2006 (Davis, 2010).

Currently, the debate centred on Limited Liability Agreement (LLA) and proportionate liabilities or capping. Thus, a mechanism that permits auditors to limit their civil liability in the event of audit failure through agreement with shareholders or proportionate liability sharing between auditors and company's directors based on each party's material contribution to financial statements misstatement. The alternative to this is capping. A system that requires auditors to single-handedly bears audit failure liability as a multiple of audit fees (Firth et al., 2011).

Joint-and-several liabilities law in the UK, permit shareholders of companies to sue an audit firm and its partners for the full recovery of their losses resulting from defective financial statements (Chung et al., 2010). On the other hand, proportionate auditor's liabilities require auditors to contribute to the remuneration of the financially injured party, based on their material negligence (Hughes, 2009). In contrast, auditors' liabilities capping is based on the multiple of audit fees as approved by shareholders (Finley, 2015).

Though the reviewed pertinent literature within this section revealed that auditors' liability in the UK has become an endless debate as it has metamorphosized through several legal amendments, what remains unknown within the current literature as reviewed within this section is why this has become the case in the UK. Thus, an insight that causes the debate to be a transcending one could have improved body of knowledge within the embers of this section. However, it is expedient to remind readers of this study that an attempt to provide an answer to this question could lead to a drift or over-discussion within this chapter. Based on this prudent thinking, several sections that are relevant to the objective of this chapter and the entire study will be discussed below.

3.2 Definition of Audit

In order to fully grasp or comprehend the historical development of auditor liability in the UK, it is useful to have a short review of the term audit. Thus, it is hoped that by this short definition of audit, readers should have an idea of what audit entails in the first place.

The term audit is derived from Latin word “audire”, and it originated from the old Roman Empire, which means to hear or question (Gupta, 2011; Domingues et al.,2011; Romero,2010). Oxford online dictionary, (2014) on the other hand, defined audit as a ‘systematic review or assessment of something’. However. Office of the Director for Audit, (2020) defined an audit to be “an independent examination with a view to establishing accuracy, conformity to laws and administrative rules and regulations, performance, and truthfulness”.

From the above definitions of audit, it is clear that the essence and functions of audit is to add value to organization, establish accuracy and enhance conformity, performance and truthfulness in relation to regulations or laws. Therefore, an individual, group of individuals, or firms that perform the above mentioned services is called auditor Romero, (2010). In the same vein, it could be interpreted that the essence of questioning based on Gupta, (2011) definition of audit is to mitigate financial reporting irregularities. If this is not the case, what is the essence of questioning?

Irrespective of the divergence in terminologies used in defining auditor, the nexus is an auditor is a professional who has the necessary skills and expertise to express unbiased audit opinion on financial statements, thereby boosting the confidence of accounting information users.

Though it is unequivocally clear about what audit is meant to do, whether audit has fulfilled this objective specifically in the UK is another debate that is beyond the scope of this study. One could argue that it has due to its practice in the UK. Otherwise, government would have promulgated legislations that could have possibly barred it practice. The other side of the argument could debunk such claim. For example, if it has fulfilled or is meeting its objective, why do companies have defective financial statements which is a product of auditors' liability in the UK?

Having presumably gained an understanding regarding the meaning of audit and whether it has fulfilled its objective specifically in the UK, the next section will briefly look into the history of audit and auditor in the UK in attempt to understand and when and why audit became a practice in the UK.

3.3 History of Audit and Auditor in the UK

Lee, (1994) opined that the history of audit at global level lacked chronological documentation. As such, the history of audit and auditor in the UK are not exempted. However, the functions of audit in the UK can be traced to the existence of the ancient Exchequer of England as established in England during the reign of Henry 1(1100-1135) (Teck-Heang, and Ali,2008). Thus*,* special personnel in the capacity of audit officers were appointed to ensure that the revenue generated by the state and its associated expenditure and transactions were transparently accounted for (Gul, et al., 1994, p. 1). The person who was mandated to oversee the accounts in order to possibly prevent fraud was called "auditor" (Abdel-Qader, 2002).

The preceding paragraph has suggested a point which needs to be elucidated. Personnel where appointed regarding the revenue generated and its associated expenditure in order to possibly ensure transparency and accountability during the reign of Henry 1 (1100-1135) in England. This could be interpreted that manipulations of financial statements for personal aggrandisement was in practice in those days, hence personnel were appointed to stop it. It could be further construe that personnel in the capacity of management were appointed to ensure transparency and accountability. Therefore, one could argue that it has been the responsibility of management to put control in place that can prevent and detect fraud from happening. This is an argument that will be considered from variegated sources within the context of auditors' duties and responsibility as part of this study.

The practice of auditing became firm, paramount and well established as necessitated by the advent of the industrial revolution in the UK between 1840s-1920s (Gill & Cosserat, 1996, p. 9; Ricchiute, 1989, p. 9).

Brown, (1962) find out that the advent of industrial revolution changed the form of enterprise in the UK. Large scales of operations that were beyond the control of its owners were established. This was however necessitated by the dire need of consumers in the UK as demand for goods and services outstripped their supply. As a result, large scale of production through factories and machine-based production were established (Abdel-Qader, 2002).

As it became apparent in the UK that the need of consumers was a matter of necessity, industrial revolution was perceived to be the panacea in the UK. As a result, huge amount of capital was required to possibly keep the industrial revolution dream alive and turned the economic mirage of the British people into a reality (Abdel-Qader, 2002). At first, capital requirement was an obstacle to the dreamed economy of the British. The emergence of a "middle class" during the industrial revolution period however provided the funds for the establishment of large industrial and commercial undertakings (Teck-Heang, and Ali,2008). Though the first challenge was overcome by the provision of capital by the "middle class", the share market during this period was unregulated and highly speculative (Gul, et al., 1994,). The aftermath effect of the unregulated market increased the rate of financial failure (Porter, et al, 2005). For example, liability was unlimited, and investors were liable for the debts of the business. In the face of this new problem in the form of financial failure which was a product of industrial revolution, it became crystal clear that the growing number of investors in the UK were in dire need of protection in order to possibly eradicate financial failure in the system (Porter, et al, 2005).

The existence of the aforementioned problem forced the emergence of audit profession in the UK (Brown, 1962). As a direct response to this problem of financial failure in the share market with unlimited liability to the UK investors, the Joint Stock Companies Act was passed in the UK in 1844 (Meuwissen, 2014). The Joint Stock Companies Act mandated company's Directors to ensure that the company's accounting records are balanced, and that the accounting records must represent a "true and fair view" of the company status. In addition, the Act provided the appointment of auditors to check the accounts of the company (Collings, 2011). However, the annual presentation of the balance sheet to the shareholders and the requirement of a statutory audit were only made compulsory in 1900 under the Companies Act 1862 (UK) (Leung, et al., 2007).

From the historical background of audit and auditor in the UK as revealed within section, it is evident that the fiduciary business relationship that existed and that continue to exist between directors and shareholders have been relegated and it will continue to be relegated. Thus, financial statements failure in the 1860s that promulgated the emergence of company's Act of 1862 and 1890 in conjunction with the stock market regulation is happening till date. If this claim is not true, this research topic would not have emerged.

Most of the blame have been centred on auditors' inability to detect and prevent fraud from happening in companies (Okaro and Okafor 2013). The question that remained unanswered from 1860s till date is, has the UK government done enough in terms of corporate governance code and legislation to possibly reduce financial statements failure?

This question will be properly examined at the later part of this study within the context of the UK government and accounting professional bodies in the UK regarding their efforts towards the strengthening of financial statements integrity in the UK.

The synopsis of this section based on audit and auditors' history in the UK is that the misstatement of financial statements in the UK is an aged-long problem that is yet to be solved in the modern-day UK economy.

Having gained an understanding regarding the history of audit and auditor in the UK, next section will look into the development of auditors' liability in the UK.

3.4 Development of Auditors' Liability in the UK

Going by the definition of audit as previously discussed within this chapter, thus it has to do with questioning. If this definition is globally acceptable both from academic and legal community, this could possibly trigger few more questions. Thus, why should there be questioning in the first place? Who should be questioned? What is the primary duty of auditors? Is it that of a "watchdog or a bloodhound"?

Brown, (1962) lamented that the primary responsibility of auditor during the industrial revolution in the UK as the starting point of auditor liability in the UK was erroneously presumed. Thus, shareholders or users of accounting information presumed that the primary duty of auditor in the company was to determine whether defalcation had taken place. This presumption remains one of the propelling forces behind auditors' liability in the UK till date. Teck-Heang, and Ali, (2008), and Gul, et al., (1994,) argued that during the reign of Henry 1 (1100-1135) in England, the primary responsibility of auditor was to ensure transparent accountability towards the revenue generated in conjunction with its associated expenditure by the UK government. In contrast, Abdel-Qader,

(2002) and Meuwissen, (2014*),* noted that during the industrial revolution in the UK, the primary assignment of auditor was to detect fraud.

The degree of contradictions between scholars as witnessed within this section further revealed the dichotomous nature of auditors' liability debate in the UK within the lens of centripetal and centrifugal force.

The starting point in the annals within the development of auditor liability in the UK can be traced to the court verdict of London and General Bank (1895) and Cotton Mill (1896), (Pallisserry, 2012; *ACCA,2013;* Collings, 2014). Thus, the auditors (Mr. Pickering and Mr. Peasegood), were found guilty of negligence by the presiding Judge in the lower court (Pallisserry, 2012).

However, in the Appeal Court, Lindley L.J who was the presiding Judge overturned the previous court's decision and his opinion on the auditor's duty is as follows:

> *"the duty of an auditor is to convey information, not to arouse inquiry and although an auditor might infer from an unusual statement that something was seriously wrong, it by no means followed that ordinary people would have their suspicions aroused. It is not the auditor's duty to guarantee the books showing the true position of the company's affairs or to guarantee that the balance-sheet was accurate".*

Within a similar case of Kingston Cotton Mill (No 2) [1895], the auditors (Messrs Pickering & Peasegood) relied on the inventory certificate as presented by the company's director. As a result, the presiding Judge Vaughan Williams J found the auditor guilty of negligence. Justice Lopes L.J who was the presiding Judge in the Appeal Court overturned the decision in his famous judgement as follows:

> *"It is the duty of an auditor to bring to bear on the work he has to perform that skill, care and caution which a reasonably competent, careful and cautious auditor would use. What is reasonable skill, care and caution must depend on the particular circumstances of each case. An auditor is not bound to be a detective or as was said to approach his work with suspicion or with a foregone conclusion that there is something wrong. He is a watchdog but not a bloodhound. He is justified in believing tried servants of*

> *the company in whom confidence is placed by the company"* (Pallisserry, 2012; *ACCA,2013;* Collings, 2014).

As reported in the court case between ADT Ltd v BDO Binder Hamlyn (1995) (Woolf, 2006), P. 381 and Kaplan, (2007), P. 181, the presiding judge, Justice May found Binder Hamlyn the then auditors to Britannia Security Systems Group guilty on the ground of negligent as the auditors confirmed to ADT Ltd representative that the audited financial statements "represent a true and fair view".

In juxtaposing the court verdicts within this section with reference to auditors' liability in the UK, it could be inferred or interpreted that auditors in the UK will undoubtedly owe duty of care to a third party. Thus, in the UK, when auditors apparently become aware that a third party will place reliance on the audited financial statements, duty of care has been established (Kaplan, 2007), P. 181. Common law in the UK seems to be consistent in this legal area as evident in a case between Bannerman v Royal Bank of Scotland (Kaplan, 2008, P. 198).

It could be argued also that auditors should take every necessary and reasonable step with reference to the necessary regulatory rules when they are confirming or debunking the assertions in the financial statement of listed companies in order to possibly avoid legal liabilities in the UK. However, it could be further argued as well that the degree of reasonableness that is expected from auditors in the UK in order to possibly avoid indirect duty of care to third party do not have legal or dictionary definition. Therefore, auditors in the UK who approach their professional duties with an attitude of professional scepticism could face another accusation on the ground of suspiciousness. Therefore, auditors in the UK could face a dilemma in attempt to draw a borderline between suspiciousness and professional scepticism in the light of legal vail of negligence as evident in court verdicts within this section.

In summary, this section has looked at some previous legal cases against auditors within the lens of auditors' liability development in the UK in conjunction with the circumstances that could constitute duty of care from auditors to a third party who voluntarily rely on the audited financial statements and make some economic investment. Finding within this section revealed that Judges verdicts were based on their level of erudition or legal stance within the context of auditors' liability in the UK, thereby revealing its dichotomous nature in the form of transcending debate in the UK. The next section within this chapter will examine the definition of audit failure.

3.5 Definition of Audit Failure

In order to possibly discuss this section with a high degree of competence and make a meaningful contribution to the body knowledge through this research as expected, it is pertinent to gain an understanding about the term "Audit Failure"

Financial Times, (2016) defined Audit Failure to be a situation that occurs when an examination of company's financial statements failed to yield its purported results. Though this definition appears to be grammatically sound, it has put readers in the dark. For example, it failed to mention specifically the purported result that is expected from audit.

Niven, (2014) on the other hand defined audit failure to be a situation where audited financial statements failed to disclose to financial market the poor financial position of an entity. Though this second definition appears appealing and meaningful, yet it has generated another interpretation into to the debate. Thus, it suggests that the primary objective of audit is to disclose the poor financial position of an entity to its shareholders. Whether this interpretation is beyond the context of this study, erroneous or possibly true, further analysis will shed more light on this argument within this study.

Furthermore, Tysiac, (2014) defined audit failure to be a situation whereby audit procedures or methodology failed to detect and report a material misstatement as contained in the financial statements. Going by this third definition of audit failure, it is unequivocally clear what audit is meant to do. Thus, to detect and report material misstatement as contained in the financial statement. Once again, this assertion in the interim is more of hypothetical statement. However, a critical examination of auditors' responsibility at a later stage in this study will either help to accepts or refute the above-mentioned assertion.

The synopsis of audit failure definitions as evidenced within this section is that audit failure has become a global phenomenon that cuts across international economics (Okaro, and Okafor, 2013). The collapse of Enron and Word Com, John Matthews Bank (JMB), Bank of Credit and Commerce International (BCCI), Barring Brothers, Nomura Security, Brex and Long-Term Capital Management (LTCM), to mention but a few were all allegedly attributed to audit failure (Okaro, and Okafor, 2013). Thus, they occurred as auditors failed to discover material misstatements in the financial statements. The implication of this unfortunate situation could be interpreted that accounting information users or the entire financial market has been unintentionally cajoled by auditors as they undoubtedly rely on the audited financial statements that are misstated and make some economic investment decisions. From shareholders' perspective, this could mean that the whole audit process is an exercise of academic and legal gymnastics as it failed its objective within the context of corporate failures as previously discussed.

Having examined the meaning of audit failure definition *from three* different sources in conjunction with its associating implications, the following section will look into the drivers of audit failure in the UK.

3.6 Drivers of Audit Failure

The following points have been widely claimed to be responsible for audit failure in some accounting, finance and auditing literature:

- The first point that has been attributed to driver of audit failure is called employment affiliation. This occurs when individual leaves the audit team to work for audit client (Baber, et al., 2014). This type of employment strategy has raised both professional and international concern following the collapse of Enron in the US (Nonna, et al., 2011). The concern is that will auditor in this circumstance be able to maintain independence and exercise professional scepticism? In the US for example, the Sarbanes-Oxley Act (SOX) requires a cooling off period of one year before such individual can be employed. In the UK on the other hand, a cooling off period is not required before any individual who is in position to influence audit report can be employed by a firm (Fenech, 2019).

  Baber, et al., (2014) argued that though it is reasonable to accept one-year cooling period before an audit staff can be employed by the audit client as independence of the individual staff might have been impaired prior to accepting the new employment from the audit client. Thus, the would-be staff to the audit client might have been having personal relationships with the audit client. This is expected to create familiarity threat which could in turn impair the integrity of the audited financial statements and the independence of the audit staff (Aaron, et al., 2018).

It can be reasonably argued that employment affiliation is most likely to create fear in the minds of accounting information users in the UK, resulting from the fact that an ex-audit staff is now employed by the same audit client, thereby creating self-interest and familiarity threat without mitigation strategy.

Furthermore, the formal audit staff who is now a staff to the audit firm's client is expected to know the audit methodology of its formal employer. Therefore, he or she could circumvent the audit methodology of the audit firm. The resultant effect of this unprofessional attitude could mean a defective audit which could in turn form the basis of auditor liability.

Though it has not been reported that this is the case in the UK, critics would expect the audit firm to adopt a more stringent and mitigating strategy. For example, the audit firm should change the entire audit methodology once it becomes clear that one of its staff will be joining the audit client as an employee (Hatice, 2016).

The other side of the argument is that the mitigating strategy could be time consuming and financial cost absorbing. Thus, this could possibly raise the audit cost if value for money audit objective must be realised. If this become the case, the question now is who will "bell the Cat"? Thus, who will be responsible for the additional mitigation strategy cost? Is it the audit firm or the shareholders through the entity's financial resources? Tentative answers to this question could be as follows: auditors should be responsible for the additional cost resulting from mitigation strategy because duty of care demands for effective audit. Therefore, auditors should focus on their primary objective of the audit which is to ensure that financial statements of the auditing entity represent a true and fair view of the entity's financial status. If this point is claimed to be hypothetically valid, it could imply that auditors should accepts losses while maintaining a professional scepticism attitude which is expected to enhance the integrity of audited financial statements. Critiques could however question the reasonableness of the aforementioned tentative recommendation base on fairness from auditors in the UK perspective. Davies, (2010) however described this recommendation to be an unfair treatment from auditors' perspective. Thus, paying extra cost for the decision made by the entity's management.

On the other hand, one could also argue further that management should be responsible for the extra cost of audit mitigation strategy. For example, it is management's decision to employ an audit staff. Therefore, they should be responsible for the associated cost if their interest is in line with shareholders' objective of hiring auditors. In order to possibly remain focus within the context of this study, the expediency or reasonableness of the recommendation within this paragraph will be relaxed.

Having carefully discussed employment affiliation being one of the drivers of audit failure as reported in several literatures, the next point will consider the concept corporate fraud. Thus, it will look into its meaning and examine how it forms part of audit failure.

- The second point in relation to driver of audit failure is called corporate fraud. In order to discuss this second point objectively, the researcher deemed it expedient to possibly have a look at the meaning of fraud and corporate fraud. It is hoped that this prudent step will enable readers to fully understand what corporate fraud entails.

  Oxford Dictionaries (2014) and Xin Sun et al., (2011) defined fraud as the "wrongful or criminal deception intended to result in financial or personal gain". In the same vein, BPP Learning Media, (2010, p.76) defined fraud as the intentional act executed by individual, or group of individuals, with the use of deception in order to obtain illegal advantage. On the other hand, Omoteso and Obalola, (2014); Gupta, (2015) defined corporate fraud to be operational risk faced by various business across national economies.

From the above unequivocal definitions of fraud, it can be construed that fraud is an act that involves the manipulations of facts and figures for personal or corporate aggrandisement.

Furthermore, Omoteso and Obalola, (2014), lamented that the high degree and frequency of fraud, coupled with its sophisticated level with the aid of modern technology has made it a huge concern for both business owners and business manager. By simple interpretation, this means financial statement will undoubtedly continue to be defective. If this become the case in the UK, who will be held account for this unethical practice?

The views of Omoteso and Obalola, (2014), tend to corroborate with the views of (Teck-Heang, and Ali,2008; Abdel-Qader, 2002; Gul, et al., 1994, p. 1). Thus, when the Exchequer of England was established during the reign of Henry 1(1100-1135) there was need to appoint special personnel in the capacity of audit officers. Their primary duties were to ensure that the revenue generated by the state and its associated expenditure and transactions were transparently accounted for in order to possibly prevent frauds. Unfortunately, this unethical accounting malpractice is happening in the UK till date. For example, The Financial Conduct Authority (FCA) in the UK fined Barclays' banks £72 million for poor handling of financial crime risks (FCA, 2016). This same bank was fined £290 million by USA and the UK authority for the manipulation of London interbank offered rate (LIBOR) (Financial Times, 2012).

The Association of Certified Fraud Examiners (ACFE's, 2014) reported that a typical organisation loses 5% of its revenue on annul basis, resulting from fraud. This was estimated to worth about $3.7 trillion.

In similar situation, The guardian, (2016), reported that former senior directors of Tesco have been charged with fraud in relation to £263M, resulting from revenue overstatement.

Based on the variegated reports or findings from reliable sources as evidenced within this section regarding corporate fraud which usually causes financial statements to be misstated and in turn form part of auditors' liability in the UK, the question that could follows is: who should be responsible for the prevention and detection of fraud at corporate level? Thus, is it the auditors or the management of companies?

Davies, (2010) and Abugu & Joseph, (2014) opined that unfortunately, users of audited financial statements expect the auditors to possess the necessary skills and expertise to detect or prevent fraud from happening in an organization as part of auditors' responsibilities. Whenever auditors failed to cover this gap as expected by the users of financial statements, they are usually sued auditors for professional negligence (Davies, 2010).

The summary of this point regarding corporate fraud based on finding within this section in the UK is that this unethical practice is real and has corrosively damaged the confidence of accounting information users. This further imply that financial statements may not present the true and fair view of corporate affairs resulting from corporate fraud.

In order to possibly remain focus in relation to the aim of this chapter, attention will be directed to the next point that is called "infective audit committee. For example, it will look into what ineffective audit committee means and how it forms part of audit failure which is a function of auditors' liability.

- The third point to be considered within the sphere of audit failure drivers in the UK is called ineffective audit committee. In order to discuss this objectively and comprehensively, the starting point will be the meaning of ineffectiveness. This is essential because it could possibly enhance the propensity of readers' understanding.

  English Oxford Living Online Dictionaries defined ineffectiveness to mean "the quality of not producing any significant or desired effect". By simple interpretation, this suggests that audit committee are not formed on ceremonious ground, rather for a desired effect. The next question that follows is: what is this desired effect? Miko, & Kamardin, (2015); Sultana, (2015); Dobija, (2015), opined that the desired effect of audit committee is to enhance the integrity of financial statements.

  By inference, it could be interpreted that something is wrong in the first place hence the presence of audit committee was meant to correct it. Thus, why should audit committee guarantee the quality of financial statements that are prepared by directors?

  Felix, (2015), Davies, (2010), Dobija, (2015) and Lisic, et all., (2015) argued that when shareholder delegate management power to directors, agency problem erupts, while shareholders are the principal, the directors are the agents. As a result of this divorce between ownership and management in term of corporations, shareholders understand that information asymmetry problem could exist. For example, shareholders do not have access to daily operational information compared to directors. Felix, (2015) and Davies, (2010) further stressed that the aforementioned gap between shareholders and director could encourage moral hazard practicing from directors' perspective. Therefore, the audit committee are employed to bridge this gap (Kang, et all.,2015). However, ASIC, (2012); European Commission, (2010); FRC, (2013a); IFIAR, (2014); and PCAOB, (2013) argued that International regulatory inspectors have reported audit deficiencies and hence called for the need to improve audit quality.

Findings within this section suggests that audit committee have failed their respective responsibilities, hence improvement was recommended. However, this failure could further increase agency cost in financial terms.

In summary, audit committee ineffectiveness is a function of defective financial statements, which could in turn form a part of auditors' liability. With reference to the UK as the centre of this study. It must be mentioned however that there is no theoretical or empirical report within the limit of this study to suggest that this is the case in the UK.

Having looked at the meaning of ineffective audit committee, functions of audit committee and assessment as to whether audit committee have lived up to their expectation exhaustively, the next section has examined the sources of auditors' liabilities in the UK.

3.7 SOURCES OF AUDITORS' LIABILITIES IN THE UK

In order to fully comprehend what this section entails; it is pertinent to grasp the meaning of the term source(s). Merriam-Webster online dictionary defined source to be a 'point of origin'.

From the above unambiguous definition, it is presumably and clearly understood that for auditors to assume liabilities to anyone who rely on audited financial statements in the capacity of audit clients or a third party, there must be fundamental, constructive or legal bases.

Going by the title of this section, the first point to be considered being one of the sources of auditors' liabilities in the UK called expectation gap. Pourheydari & Abousaiedi, (2011) defined expectation gap to be the difference between what auditors in the UK, FRC, and ISAs perceived to be the duty and responsibility of auditors in the UK in practical and legal terms, in comparison to what users of accounting information perceived to be the duty and responsibility of auditors in the UK. The views of Noghondari & Foong, (2013) on the same subject matter tends to corroborate with the definition of expectation gap. Thus, they defined expectation gap as the variance between what financial statements users take auditors responsibilities to be, and what auditors themselves think about their responsibilities from legal and practical perspective. Houghton et al., (2011) in the same vein buttressed the aforementioned definitions. They defined expectation gap as the difference between what auditors' duty and responsibility are in practical terms as against the expectations of the accounting information users in terms of auditors' duties and responsibilities.

It can be construed based on definitions within this section that there is misconception from users of accounting information on the role of auditors in enhancing financial statements integrity, and what auditors' roles are in practical terms.

In order to possibly broaden the understanding of readers with reference to this section, expectation gap as a term has been grouped into twofold and discussed below:

- The first on the list is called standard gap. Thus, this is the difference in relation to the interpretation held by users of audited financial statements, and the interpretative versions of ISAs and FRC within the UK version of the regulatory standard (Kaplan, 2007, P. 190). For example, (Kaplan, 2007, P. 190) and (Porter et al., 2012) have argued that the users of audited financial statements do interpret parts of auditing standard based on their understanding in order to possibly suit their aims and objectives. Thus, users of accounting information believed that it is auditors' responsibility to detect fraud or possibly prevent fraud (Davies, 2010). However, Statements of Auditing Standard 99 and 140 (SAS), Woolf, (2006, P. 385), Reffett, (2014, p. 24) argued that users of audited financial statements do expect auditors to detect any material error, mistakes, or fraud that could on aggregate or individually cause audited financial statements to be unreliable.

It can be argued that the explanation of SAS with reference to auditors' duty and responsibility in relation to fraud detection and prevention as discussed within this section is significant. However, the term that has been used "material," exacerbated the debate as it lacked universally acceptable definition.

- The second on the list is called fraud detection and prevention. (Oxford Dictionaries and Xin Sun et al., (2011) defined fraud to be "wrongful or criminal deception intended to result in financial or personal gain". However, BPP Learning Media (2010, p.76) defined fraud to be an intentional act executed by individual, group of individuals or corporations, using deception means in order to possibly obtain illegal advantage.

Based on the above definitions of fraud, it is vividly clear that fraud is an intentional act, for example, the manipulation of facts and figures in order to realise personal or corporate illegal objective.

Unfortunately, accounting information users do expect the external auditors to possess the necessary skills or expertise that can possibly help to detect or prevent fraud from happening in any entity as part of auditors' legal or constructive responsibilities (Davies,2010) and (Abugu & Joseph, 2014).

In sharp contrast, BPP Learning Media, (2010, p. 77), and FRC, (2016) clearly stated that the duties of fraud prevention and detection are vested in the hands of entity's management and not auditors. The standard nevertheless highlighted that auditors are expected to maintain a high degree of professional scepticism attitude.

Corroboratively, a careful examination of the famous judicial pronouncement of Lord Denning in the case of Fomento (Sterling Area) V Selsdon Fountain Pen Co Ltd (1958), revealed the following; auditors should approach their professional and scepticism duties with enquiring minds, and reasonable care. Thus, it should be devoid of suspiciousness or dishonesty from directors' perspective but believing that unintentional mistakes or errors might inherently or potentially existed in the financial statements which need to be corrected (BPP Learning Media,2010, p. 66).

Based on the legal verdict of Lord Denning, it is evident that the professional duty of auditors of is to express unbiased objective audit opinion on the financial statements. This is however different from the expectation of the financial statements users who believe that it is part of auditors' responsibility to detect or prevent fraud from happening in organisations as evidenced by reasons of suing auditors in the UK within the context of this study (Davies, 2010).

Critics could argue that the legal judgement of Lording Dinning do not necessarily serve as panacea to auditors' liabilities debate in the UK. For example, the terms used by Lord Denning "reasonable care" lack universally acceptable definition. Therefore, individual legal stance, erudition, ontology, intuitive thinking and ethical philosophical stance could influence legal verdicts in a subjective manner. Secondly, critics could ponder to know how possible is it for someone to maintain an enquiry mind without being suspicious simultaneously? Finally, Lord Denning recommended that auditors should approach their professional duties with inquiring mind that is devoid of suspiciousness and dishonesty. But auditors should however believe in their minds that unintentional mistakes or errors might exist in the financial statements which need to be corrected. By interpretation, the last sentence from Denning could possibly suggest to readers of this study that auditors' responsibilities are to correct mistakes and not fraud prevention nor detection as perceived by the users of audited financial statements.

The critique of Lord Denning's legal verdict as discussed in this section further revealed the complexity and the volatility of this study. It has variegated definitions, interpretations, constructs and explanations that are subject to individual or group of individual's moral and cognitive ability, or legal stance on the topic. For example, why the (ISA 240, and FRC, (2016) viewed auditors' responsibilities from angle of elevation perspective by claiming that it is management's duty to put control in place that can prevent and detect fraud, the users of financial statements viewed such recommendation from angle of depression by claiming that it is auditors' duty to prevent and detect fraud.

Irrespective of the legal dichotomies that exist as witnessed within this section between regulatory standards, legal pronouncements, individual opinion and users of accounting information pertaining to auditors' responsibility, (fraud prevention and detection), critics could ponder to know the drivers of auditors' liabilities in the UK. In order to possibly answer this question meritoriously, the section will look into the drivers of auditors' liabilities in the UK.

3.8 DRIVERS OF AUDITORS' LIABILITY IN THE UK

Deep pocketing has been described as one of the drivers of auditors' liability in the UK (Davies, 2010). As the name imply, it is a term used in describing the motive of individual or group of individuals who capitalised on the complexity or weakness of the common law in England, regarding who auditors owe duty of care (Davies, 2010). However, deep pocketing as a term lack dictionary or universal acceptable definition. English common law, specifically the law of tort permits individual or group of individuals (plaintiff) under joint-and-several liability law to sue auditors or their partners on the basis of their financial strength, or auditors' assets value whenever financial statements become defective (Sunder et al., 2007). Consequently, litigants usually sue auditors in the UK for a very high financial value as a means of extorting auditors, within the ambit of legal vail even when the level of auditors' negligence is less in relative to the defectiveness of the audited financial statements (Price Waterhouse et al., 1992).

However, further argument can emanate objectively that auditors in the UK are not the creator of defective financial statements in the UK. In the same vein, auditors' professional ethics in conjunction with relevant reporting standards demands that auditors in the UK should maintained a high degree of meticulousness in the course of their professional duties, as this could minimise the size and value of their legal liability in the UK as previously discussed within this chapter.

Paradoxically, the other side of the argument could be interpreted that auditors should be seen as the creators of the opportunities in the first place, while the litigants should be seen as the users of the created opportunities. Therefore, auditors should try as much as possible to avoid being a contributor to the defectiveness of the audited financial statements. This is a point that Davies and Price Waterhouse failed to take into cognisance in their argument within this section. However, other drivers of auditors' liability in the UK have been subdivided into twofold and discussed below:

- The first on the list is called common law (liability in tort). The doctrine of tort in the UK permits anyone who involuntarily relied on the audited financial statements other than the shareholders is to sue the auditors if they suffer financial injury or loss (Beasley et al., 2003, P. 114). This type of legal empowerment given to a third party in terms of the right to sue auditors when audited financial statements become defective has been described to be duty of care (Crosserat & Ridda, 2010).

  The law of tort is complicated, controversial and difficult to interpret. Arguably due to the complexity of its nature. As a result of its dynamism in nature, incongruous verdicts have been found in legal cases between auditors in the UK and their plaintiffs (Beasley et al., 2003, P. 116). The first of the abundance examples in literature is the case between Caparo Industries Plc v Dickman and others (1990) (BPP Learning Media, 2010, p. 67). Caparo relied on the audited financial statements and invested in Fidelity. However, when the audited financial statements of Fidelity were restated, the reported profit was overturned to be a loss. Based on this new development (defective financial statements), the auditors were sued by the plaintiff, claiming that the auditors owed them a duty of care.

  The House of Lord in the UK listened to the plaintiff and the defendant as the case was brought to them for settlement. The House of Lord in its verdict, declared the legal claim of the plaintiff to be "null and void". Thus, that the auditor's own duty of care to shareholders as a body and not as individual like Caparo. The House of Lord potentially noted that the auditors were not in position to know the intensions of Caparo. As a result, duty of care does not exist between Caparo and the auditors (BPP Learning Media, 2010, p. 67).

In contrast, in the case between Royal Bank of Scotland (RBS) v Bannerman Johnstone Maclay (2002), the presiding Judge ruled that duty of care indirectly existed between RBS and the auditors, as the plaintiff and the defendant (Bannerman) who was the auditor (Kaplan, 2007, P.183).

Royal Bank of Scotland (RBS) requested APC limited who was a customer to the bank (RBS) to produced audited financial statements in pursuance to renewable overdraft facility. The auditors of APC were aware about RBS request and it was granted. However, APC was put into receivership with approximately $13.25 million owing to RBS. The bank sued the auditors on the ground of duty of care (Kaplan, 2007, P.183). The presiding Judge argued that indirect duty of care existed between the bank and auditors. The judge further argued that the financial statements of APC wouldn't have been prepared on the basis of going concern. This would have dissuaded the bank from granting a further overdraft judge argued. Consequently, the plaintiff claim was awarded (Kaplan, 2007, P.183).

The contradictions as witnessed from the two cases within this section is a revelation of three significant issues. Firstly, the common law that deals with auditors' liabilities in the UK is complicated, controversial, and repugnant. Secondly, it is sometimes subject to the presiding Judge's level of erudition in conjunction with his or her legal stance regarding auditors' liability. Finally, auditors are faced with an unending dilemma as they are confused: who they owe duty of care, as legal precedents appear confusing as evidenced from this section.

Having examined the drivers of auditors' liabilities in the UK, the next section will look into what has been done by the UK government and accounting professional bodies as an attempt to promote audited financial statements integrity in the UK.

3.9 UK GOVERNEMTN AND PROFESSIONAL BODIES EFFORT

In order to possibly enhance financial statements integrity and stimulate confidence in the stock market in the UK, the Financial Reporting Council (FRC) an independent body that is responsible for setting the UK Corporate Governance Codes, the UK standard on auditing and actuarial work has recently updated its publications in the following area: Audit Quality, Non audit Service fees cap, and financial reporting.

FRC, (2016) reported that its previous guidance on, Audit quality, Non-audit fees cap, Risk and financial reporting as reported in its (2012, and 2013,) versions have been updated specifically in 2014 and 2016 as follows:

The first on the list is called audit quality. As auditors' liability debate which a function of defective audited financial statements lingers in the UK, this has caused a concern for both FRC and accounting professional bodies in the UK. Thus, it has become imperative that financial statements should purportedly present the actual true and fair view of companies' state of affair for a particular period. In response to this yearning, the FRC put strategies in place that could ensure that by 2019 about 90% of audit assignment review are free from amendments as against 77% as threshold that is currently in place (FRC,2016). By inference, if 90% of audit assignment in the UK are free from amendments, the probability of having a defective financial statement which in turn determine auditors' liability in the UK could be limited to 10%.

Though the declaration from FRC sounds mathematically interesting, it has however thrown few more questions to the debate. What determine the value of auditors' liability in the UK? Is it base on the aggregated defective financial statements for a particular accounting period or base on the legal claim value from plaintiffs? If 90% target is considered achievable, does this means that auditors in the UK will be free from civil liability? Can this guarantee the legal existence of the big four audit firms in the UK and possibly encourage young talents to develop interest in audit profession? In my opinion, I hope the research community will look into these questions objectively in the form of studies as it is beyond the scope of this study.

The second step taken by the UK government towards the strengthening of audited financial statements centred on the provision of non-audit service. In order to possibly increase the integrity of audited financial statements with reference to auditors' independence, and the need to stimulate competition in the audit market within the UK, the FRC has set a new threshold in 2016 to be between 50%-70% (FRC, 2016; Crump, 2016; Ball, 2016; ICAEW, 2016; Ritter 2015). For example, the non-audit fees from a particular audit client should not exceed 50% of the total revenue generated from the audit client for two consecutive accounting periods. Furthermore, non-audit fees from a particular audit client should not exceed 70% of the total audit fees generated from the same client for three consecutive years (FRC, 2016 and Crump, 2016). Other accounting services such as tax advice and financial investment strategy which auditors in the UK usually render in conjunction with audit assignments have been banned completely (Crump, 2016).

Though the measures adopted in the UK as recommended by the European Union in 2008 appears to be the right move at the right direction as explained in the preceding page, critics could question the reasonableness of the non-audit service cap within the UK. For example, can this measure meet its purported aims and objectives in the light of auditors' independence and competition in the audit market within the UK? Is this capping policy strong enough to create confidence in the stock market within the UK and enhance financial statements integrity, thereby minimising auditors' liability in the UK? These questions may not find answers in the interim within this study as the planned strategies are yet to be measured.

The next point to be examined being regulatory effort is called going concern paragraph within ISA 570. The old ISA 570 states that when a material uncertainty exists in company's financial statements that are prepared on a going concern basis, that the external auditor should use matter of emphasis paragraph in highlighting the material uncertainty that can invalidate the going concern assumption of the company audited. The standard equally mentioned that the audited financial statement should remain unmodified if directors make adequate disclosure regarding material uncertainty in the financial statements (IFAC, 2016).

However, the revised ISA 570 states that if statutory auditors found material uncertainty in the audited financial statements, irrespective of compliance in terms of adequate disclosure that the auditors should use a heading tag "material uncertainty" in drawing the attention of accounting information users that a severe material uncertainty exist regarding the company's ability to operate as going concern in the foreseeable future. The auditor should detail the material uncertainty in terms of conditions or events that cast significant doubt on the going concern assumption. The material uncertainty heading should precede the basis of opinion paragraph (ACCA, 2016 and IFAC, 2016).

The wisdom behind these changes in terms of material uncertainty and adequate disclosure is unquestionable. For example, the new term "material uncertainty" is expected to arrest the attention of financial statements users. This could in turn influence their economic decision in terms of investment or divestment within a company. By interpretation, this could as well help to minimise auditors' liability in the

UK as financial statement information users will become information equip. The probability that the expected benefits will become a reality or utopia is beyond the scope of this study.

The final point to be examined within this section being regulatory effort from the UK government and accountancy professional bodies in the UK is called opinion paragraph as modified within ISA 705 and 706 in the UK.

As a part of regulatory effort in terms of financial statement integrity enhancement in the UK, FRC has modified ISA 705 and 706 respectively. For example, the revised UK ISA 705 emphasized on the use of simple language as well as situations or circumstances where various and appropriate opinion can be applied. On the other hand, the ISA 706 details circumstance where “other matter” paragraph can be used in the audited financial statements (ACCA, 2015 and IFAC, 2016)).

The revised UK ISA 705 requires auditors in the UK to maintain the following standard, particularly in the opinion paragraph as follows: “Nature of the Matter”. The new standard requires auditors in the UK to state very clearly the nature of the matter they encountered in the financial statements that influenced their opinion. For example, financial statements are materially misstated, but not pervasive. If this become the case, in auditors’ judgement, the financial statement should be qualified, using the word “except for” in the opinion paragraph. If the auditors are unable to obtain sufficient and appropriate audit evidence, the financial statements should be qualified, using the “word” except… in the opinion paragraph. However, if the nature of misstatements in the financial statements becomes material and pervasive, the auditor should express adverse opinion (FRC, 2012 and IFAC, 2016). This means the audited financial statement do not represent a true and fair view of the financial status of the audited entity (ACCA, 2015). On the other hand, if the degree of insufficient and inappropriate audit evidence is material and pervasive, the auditor should express disclaimer of opinion. This means the auditors are unable to express opinion on the financial statements (FRC, 2016 and ACCA, 2015).

The regulatory effort from UK government through its agency and other professional bodies in the UK as evidenced within this section is that both parties are committed to enhancing audited financial statement integrity in the UK. The question that remain unanswered in the interim though it is beyond the remit of this study is that: can this regulatory effort put to an end the defectiveness of audited financial statements in the UK? If the answer to this question is yes, then the campaigners for auditors' liability capping in the UK should be advised to remain silent in the interim. If the answer is no, one could be tempted to believe that auditors in the UK are not fairly treated when it comes to audit reform in the UK.

Having examined the UK government and accountancy professional bodies' regulatory effort towards audited financial statements' integrity enhancement, the next section will look into stakeholders' constructs on the research topic. For example, it will examine the views of different stakeholders in relation to the study question and objectives partially.

3.10 STAKEHOLDERS CONSTRUCTS

In order to partly achieve the proposed aims and objectives of this study, the following questions from critics in line with the study question and objectives will be examined in great details. Thus, proponents of non-capping could claim that auditors' liabilities capping can impact adversely on listed companies' financial statements' integrity in the UK.

As earlier mentioned from the previous chapter within this study, uncertainty and fear is looming in the air regarding the impending danger or benefits that auditor liability capping could bring in the UK in terms of listed companies financial statements integrity. However, the recommendations from European Union in 2008 on the topical subject area in conjunction with the UK government strategy on the topic has provoked divergent opinion (Humphrey & Samsonova, 2014 and Philipsen, 2014). For example, studies carried out by London Economics, (2006) find out that auditors' liability capping cannot adversely impact on listed companies' financial statements integrity in the Europe. In the same vein, European Union, (2008) recommended liability capping as one of the strategies for European countries in managing the epidemics of civil liabilities against auditors in Europe. However, it failed to mention specifically the impact such recommendation could have on listed companies' financial statements, in terms of its integrity. One can argue that if its impact could become aversive on financial statements integrity, such recommendations would not have been opted. Laux, and Newman, (2010); Defond, and Zhand., (2014) argued that the fear of unlimited liability and reputation damage from auditors' perspective can prosper financial statement integrity. He et al., (2014) argued that auditors' liability capping is the solution to the existing problems of civil claim against auditor. Thus, that capping can possibly induce auditors to do more in enhancing financial statements' integrity. Belcher argued that medium tier audit firm could be encourage in the market. For example, capping can stimulate competition in the audit market that is currently monopolised by the big four accounting firm in the UK. This could in return enhance financial statements integrity.

The Association of British Insurers, (2007) argued that it is difficult to reach a conclusion on the appropriate strategy of limiting auditor's liability. In contrast, Aureilia, (2012) opined that Liability Limitation Agreement (LLA) might not have adverse effect on audit quality resulting from stringent regulations and sound audit procedures in place.

If the arguments and counterarguments from this section are presumably valid, is it possible for auditors' liability capping to stimulate competition within the UK audit market being a derivative?

The primary aim of this question is to gain an understanding as to whether audit market in the UK is currently uncompetitive, and what must be done to possibly reduce oligopoly in the market. London Economics (2006) find out that the European audit market is concentrated in the hands of the big four. Namely, (PwC, KPMG, Deloitte, and Ernst & Young). The major fact that influenced concentration is due to unwillingness of the medium tie audit firm to accept high profile client, resulting from fear of unlimited liabilities (Philipsen, 2014). In the same vein, (EC, 2008; EC, 2010 and Davies, 2015) argued that auditors' liability issue needs to be addressed in order to possibly achieve progress on both the development of the role of the audit and the encouragement of greater competition in the audit market. Thus, they stressed on the significance of reducing auditors' liability in order to possibly stimulate competition in the market. Belcher, (2006) and Weber et al., (2008) argued that the expected competition in the audit market will only become an illusion if auditors' liability is not capped.

There appear to be a consensus regarding the positive effective of auditor liability capping in the UK as evidenced within the preceding paragraph. However, Andrew, (1989), London Economics, (2006); Belcher, (2006), EC (2008), FRC (2008), Roach, (2010), Shamharir, et al., (2010), Velte, and Stiglbauer, (2012), and Crump, (2016) argued that there is a high degree of uncertainty in terms of audit cost and its professional existence if the demise of another big accountancy firm should occur in the future resulting from auditors' civil liability. Though this statement looked like a prima facie case, the strategy of auditor liability limitations has evoked divergent opinions in the UK (Humphrey & Samsonova, 2014).

ICAEW, (2015) reminded its member that irrespective of the professional scepticisms they maintain as auditors, that risk cannot be eliminated, but can only be managed. One of the methods it recommended to its members was to secure indemnity insurance which is currently difficult to secure by the large accounting firms as previously discussed within this chapter.

However, ICAEW recommend to its members to have a minimum insurance cover of £100,000 and maximum of £1.5 million (Hammond, 2012). The question that comes to mind is what will happen if the medium sized audit firms are unable to meet the above recommendation? The answer to this question is simple. Thus, this could mark the beginning of exodus of some audit firms leaving the UK audit market. Another implication this could have on the audit market could be over concentration or uncompetitive audit market. Hammond cautioned that firms are required to take reasonable steps that they are able to meet claims arising from professional business and this may lead many firms to conclude that they need more protection indemnity insurance (PII) than the amount required under the PII Regulations.

The synopsis of this section based on the available literature is that the audit market in the UK is undoubtedly concentrated in the hands of the big four. Furthermore, inability of the medium sized audit firms or one of the big four to secure professional indemnity insurance resulting from exorbitant premium could further reduce the number of participants in the audit market in the UK. The implication of this could lead to a further oligopoly in the audit market in the UK and a gradual of audit profession extinction in the UK.

3.11 CHAPTER SUMMARY

A review of the relevant literature on auditors' liabilities capping in relation to financial statements integrity, the audit market and its profession in the UK has revealed that the topic is complex and dynamic in nature. For example, users of audited financial statements believed that it is auditors' responsibility to prevent and detect fraud as against SAS 99 and ISA 240 specifications. Legal precedents and judgements on who auditors owe duty of care, when and how auditors commit professional negligence has become a matter of the presiding judges' level of erudition, ontology, epistemology, and legal stance.

Literature review also stressed on the need for auditors to maintain a high degree of meticulousness in order to possibly avoid negligence and liabilities. It equally highlights the fact that auditors are not fairly treated on the prevailing topic, hence the debate in the first place.

To possibly arrive at a deeper understanding or conclusion on whether auditors in the UK will maintain a professional scepticism attitude if their liability is capped, and whether capping can demonopolize the current UK audit market, and whether audit profession can survive and grow in the face of colossal legal claim, empirical research was conducted.

The next chapter in this study will shed light on the research approach adopted. It also included the research philosophy, strategy adopted regarding sample selection, data collection and analysis.

CHAPTER FOUR: RESEARCH METHODOLOGY AND METHODS

4.0 INTRODUCTION

The preceding chapters of this study covered the conceptual framework and literature review that guided this study. This chapter takes a further step, by discussing in detail regarding the research methodology and methods that was applied in this study within the ambit of the study questions, overall aim, and objectives. It also specifically justified the study's chosen methodology and methods, approach and strategy in conjunction with the nature of the study. The potential limitations of the chosen strategies in conjunction with their benefits are also discussed in this chapter. This is followed by chapter summary.

This study has three objectives within the context of Auditors liability capping in the UK:

1. To gain an understanding whether auditors in the UK will maintain a professional scepticism attitude if their professional liability is capped.
2. To investigate whether auditors' liability capping can possibly help to demonopolize the UK current audit market.
3. To investigate whether audit profession in the UK can survive and grow should the UK chartered Accountants are continuously exposed to unlimited liability business risk.

Significant aspect of this study relates to objective 1 and 2 as mentioned above. Thus, following the recommendation of the EU in 2008 regarding the strategies that could possibly help to minimise auditors' liability in Europe, about 33 countries in Europe have adopted auditors' liability capping as a strategy in variegated forms. Eleven countries within Europe out of the 33 have adopted statutory cap (Karako-Eyal, 2013; Laitinen, 2015). However, the regulatory effort from the UK government and the European Union as mentioned above, regarding the appropriate strategy in terms of auditors' liability limitation has evoked divergent opinions from various stakeholders on the subject matter within the UK (Humphrey & Samsonova, 2015; Philipsen, 2014). Within the Literature review chapter, objective number 3: To investigate whether audit profession in the UK can survive and grow should the UK Chartered Accountants are continuously exposed to unlimited liability business risk was covered. In the same vein, there was apple evidence within the same chapter that gap existed in relation to objective 1 and 2. Thus, the need for empirical research in the form of semi-structured interviews and Likert scale type questionnaire become inevitable. For example, the collection and analysis of empirical data is expected to possibly help readers to gain the constructs auditors in the UK held within the context of the study. Therefore, by comparing finding from theory with practice (relevant literature and empirical study) through methodological triangulation, a fuller understanding will be hopefully gained regarding the issues that surround auditors' liability in the UK. Thus, it is expected that the study will hopefully contribute immensely to the body of knowledge within the research topic in the UK.

4.1 RESEARCH METHODOLOGY

The first question that readily comes to mind within this section is: what is research methodology and methods? A fuller understanding of these concepts is expected to enhance the understanding of readers in relation to reliability. McGregor and Murname, (2010) defined methodology as follow:

> *"The word methodology comprises two nouns: method and ology, which means a branch of knowledge; hence, methodology is a branch of knowledge that deals with the general principles or axioms of the generation of new knowledge. It refers to the rationale and the philosophical assumptions that underlie any natural, social or human science study, whether articulated or not".*

Bunniss & Kelly, (2010) defined research philosophy to be the premise, belief, or paradigm held by researchers within the research community.

Based on the above simple definitions of research philosophy, it can be argued, understood, or interpreted that various research philosophies exist if it is agreeable that research methodology is the philosophical paradigm that underpins a study.

Having presumably gained an understanding in terms of research methodology meaning, the chosen research methodology that guide this study and its appropriateness in relation to the research topic will be discussed at the later part of this chapter.

Biggam Bryman, (2016, PP. 20-29) opined that the most common research philosophies are: positivism, Realism, Pragmatism, and Interpretivism. These research philosophies' characteristics are briefly discussed below. However, greater attention is paid to the chosen philosophy and its appropriateness to the study within the context of auditor liability capping in the UK.

Research methods on the other hand simply refer to the tools or techniques used by researchers in the process of data collection (Bryman, 2016, P. 40). For example, these could include surveys, interviews, photovoice, or participant observation. Therefore, it can be interpreted that while research methodology elicits the philosophical ideology that underpin a study, research methods show how a study is conducted, thereby adding value to the study in the form of validity and reliability, as the methods are shaped by methodology.

4.1.1 POSITIVISM

The philosophical proposition of positivism is that reality exists independently and objectively without human interference, quantifiable and measurable (Orlikowski

& Baroudi, 1991; Remenyi et al., 1998). It is mostly applied in natural science research, and it is well suited in quantitative studies (Biggam, 2015; Bryman, 2016).

Biggam, (2015) and Bryman, (2016) argued that some of the philosophical proposition of positivism should be accepted with caution. They further argued that if the underpinning ideology of positivism is correct, the existence of misdiagnosis from laboratory specifically within the health sector and the evidence from plane crash suggests that the concept of reality measurement in an objective form without human interference call for a rethink.

Bryman, (2016, P.24) argued that the philosophical stance of positivism demands the construction of testable hypotheses. It is well suited with deductive approach, thereby requiring theoretical framework. Its main objective is to measure reality objectively, accept hypotheses and theory or refute them completely, thereby eliciting for new theory.

The characteristics of positivism being a research philosophy as discussed above do not fit into the study objectives. Therefore, it is inappropriate to apply this philosophy within this study. For example, in terms of approach, this study adopts inductive approach without theoretical framework as against the proposition of positivism. The objective of the study is partly based on empirical research that requires the understanding of qualified and non-qualified Accountants' constructs on the research topic. Though descriptive statistics is partly applied, this is devoid of objectivity measurement. The study intends to understand the meaning people attached to situation, perceptions as this understanding forms their reality as socially constructed. It must be mentioned as well that within this study, hypotheses will not be formulated, and theory will not be proved. This further suggests that to possibly avoid the accusation of philosophical and academic miscarriage, the study completely reject positivism within the terrain of the research topic.

The position of the researcher in relation to the constructs held by positivist as a research philosophy is that its claim that reality exist independent of human interference appear to be inaccurate in absolute terms. As a result, its appropriateness within this study become questionable. For example, the process of measurement, recording, analysis and interpretation of reality involves human interference. It can be inferred therefore, that reality is socially constructed by human. Based on this and other proposition within this section, positivism is deemed as philosophy that is not fit for purpose within the ambit of this study.

4.1.2 REALISM

Biggam, (2015, P 185) argued that the propositional or philosophical stance of realism is simple: that 'reality is what human take to be true or false'. Thus, social reality exists independent of human mind. By inference, it can be argued that social reality is a derivative of human interpretations.

From intuitive thinking perspective, the philosophical stance of realism appears lacking a positive correlation with the objectives of this study. Consequently, it is rejected as a research methodology that can possibly guide this study. For example, if the above assertion from realist perspective is valid, that 'reality is what human take to be true', there will be a less need to carry out this study in the first place. Thus, the UK government is concerned that auditors in the UK may relax their professional scepticism attitude if their professional liability is capped. Base on this understanding, the debate lingered for more than a decade. If the proposition of reality is accepted within this study, the understanding of the UK government ought to have been accepted as the reality or truth from realists' perspective.

The realist's proposition also argued that reality is independent of human mind as quoted. A critical evaluation of this concept by the researcher equally call for the rejection of realism philosophical stance within the realm of this study. For example, the conceptual framework of this study as encapsulated in chapter two, revealed that auditor's liability in the UK is a function of defective financial statements which are humanly window-dressed. In order words, auditors' liability is human mind made. Paradoxically, the ideological stance of realism is not in consonance with this reality in terms of auditors' liability in the UK which is a derivative of defective financial statements.

4.1.3 PRAGMATISM

The premise or philosophical stance of pragmatism holds that there are several methods of analysing and interpreting data. Thus, the values placed on such data by the users of the information play an important role in data analysis (Saunders et al., 2009, p. 112-119; Yin, 2014). If this proposition or construct is arguably correct, further argument could emanate from this ontological assumption. For example, it could be argued that research questions and objectives are determined by researchers' ontology, epistemology and axiology.

This type of philosophy is common in applied research Saunders et al., (2009, p. 112-119); Yin, (2014). If the second and third ontological assumption of the pragmatist is assumed to be correct, it will become a case of prima facie within the ambit of this study as this philosophy mismatches the characteristics of the study. Because of this inherent limitation, this philosophy is not fit for purpose in relation to the research topic, hence it has been rejected in this study.

4.1.4 INTERPRETIVISM

Biggam, (2015, P. 168) argued that the philosophical stance of interpretivism centres on human behaviour rather than object. This philosophical paradigm claimed or believed that several social realities exist, and that reality is defined by human. It further stressed that reality is situational and time contingent (Holden & Lynch, 2004). This type of philosophy is commonly used by researchers in social sciences rather than natural sciences Biggam, (2015, P. 168). It is not quite surprising that its approach in research is not purely scientific in nature.

The philosophical stance that underpins this study is interpretivism. The rationale for the chosen philosophy and its appropriateness in relation to this study is justified as follows:

The research topic centres on human behaviour rather than object. For example, the study has attempted to gain an understanding empirically whether auditors in the UK will maintain a professional scepticism attitude if their professional liability is capped. This forms the fundamental basis of interpretivism (Biggam, 2015, P. 168).

Interpretivism believes that several social realities exist, and that reality is defined by human (Biggam, 2015, P. 168; Holden & Lynch, 2004). Within this study, both the advocates and non-advocates of auditors' liability capping in the UK have different realities as defined by them, based on their perceptions in relation to the research topic as evidenced within the literature review chapter.

Furthermore, interpretivism stressed that reality is situational and time contingent (Holden & Lynch, 2004). Auditors' liability in the UK has evolved over time. For example, it has shifted from "joint-and-several liability as stated in Company Act 2000 to liability limitation Agreement (LLA), Limited Liability Corporations (LLC) and proportionate liability sharing (PLS) as documented in Company Act 2006 (Time and situation contingent) within the UK. Moreover, the research relies on literature written by human beings that have different interpretations to reality at different times and on different contexts.

Interpretivism philosophy maintained that researcher plays an active participant role in a study (Creswell, 2015). For example, within this study, the researcher played an active participant role in the form of data collections, analysis, and interpretations.

Finally, interpretivism is commonly applied by researchers in social sciences setting rather than natural sciences (Biggam, 2015, P. 168). Interestingly, the nature of this study find itself within the ambit of social science.

The characteristics of this study are in line with interpretivism philosophy as highlighted within this section, hence its application within this study is appropriate. For example, the described features of interpretivism within this section forms the bedrock of this study as they are in consonance with the research questions and its objectives which centres on human behaviour. Furthermore, the research involves human participations through the administration of questionnaires to possibly gain the constructs held by qualified and non-qualified Accountants in the UK within the research topic.

4.2 RESEARCH DESIGN: QUALITATIVE

Having discussed the underpinning philosophical stance of this study within the terrain of interpretivism in conjunction with its appropriateness in relation to the study, this section considered the meaning of research design and qualitative research as the subject matter of this section. It elaborates on what research design is, the chosen research design for the study and its appropriateness. This is expected to increase the understanding of readers as the term “research design” has been interpreted to mean research methods in some literature.

Bryman, (2016, P. 39) argued that research design is concerned with the structure of enquiry or investigation as determined by research questions or objective. Thus, it is not a matter of logistical, but a logical one. In the same vein, (Yin, 2013) used the analogy of building structure in explaining what research design entails. For example, prior to the commencement of a building project, the architect must determine in advance the type of building to be erected. Questions regarding the nature of the building project must be asked and answered in advance. Does the architect intend to raise a school building, factory for machinery manufacturing, a residential home or an apartment block? When these questions are answered, the material that could correctly match the type of building to be erected will be ordered.

Similarly, social research project needs a structure or design prior to the commencement of data collection, analysis, and interpretation. It can be inferred therefore, that a research design is not a plan, but a structure that enables a researcher to gather valid evidence, answer the research questions as unambiguously as possible. However, it must be made clear that obtaining the type of valid evidence will require a researcher to specify the type of evidence needed.

It is presumed that based on the above explanations and analogy regarding what research design entails, readers are now in position to gain a fuller understanding about research design. Within the borderline of this assumption, the research design of this study is qualitative research design. Possible questions that readers could ask are: what is qualitative research, and why is it chosen for this study? Answers to these questions are provided below.

Defining and explaining qualitative research within the embers of the study is significant as it forms the bedrock of the study. However, (Ritchie, et al., 2013), argued that an attempt to define qualitative study will inevitably give a direct invitation to critical evaluation and constructive criticisms that could possibly emanate from scholars. Their argument was based on a single premise. Thus, that qualitative research is not confined to a theory or paradigm, nor any singular method in its right. The argument of Denzin & Lincoln, (2011) corroboratively had a positive correlation with the argument of Ritchie, et al., (2013) as mentioned above. For example, Denzin & Lincoln, (2011) argued that the term has a connotation of divers or array of methods and approaches in relation to different subject of research. It is not quite surprising therefore, that from the paragraph below, different school of thoughts or scholars define qualitative method distinctively.

Despite the arguments that an attempt to define qualitative study will invariably provoke intellectual criticisms from academic perspective, the researcher deemed it expedient in making such attempt. From the researcher's perspective, failure to define qualitative study as the nervous system within this study could create enormous difficulties for readers in gaining understanding in relation to the chosen research method.

Strauss and Corbin (1990, p. 11) opined that qualitative research simply refers to any study

> *"That produces findings not arrived at by statistical procedures or other means of quantification. It can refer to research about persons' lives, lived experiences, behaviours, emotions, and feelings as well as about organisational functioning, social movements, cultural phenomena, and interactions between nations." This means that qualitative research is not statistical, and it incorporates multiple realities".*

The view or definition of qualitative research by Flick, (2014, p. 542) has some similar characteristics with the above definition as provided by Strauss and Corbin, (1990, p. 11). Flick on the other hand opined that qualitative research is concerned with the analysis of subjective meaning, event, social production, and practices, by collecting data that are not standard in their very nature. Boddy, (2016) in the same vein, described Qualitative research as the type of research project that concern itself with the development of an in-depth understanding of a phenomenon rather than breadth, specifically when a non-positivist paradigm approach is accepted in research. In the same vein, Bryman, (2016. P. 374) defined a qualitative research to be the type of research whose emphasis is based on words rather than quantification in the collection of data and analysis in their natural setting. Thus, the researcher become an instrument during data collection process. Part of the researcher responsibility as an instrument is to gather words from participants, analyse the words in common themes, describing a process by using both persuasive and expressive language, while focusing on meaning that participants gave. In the same vein, Creswell, (2005) defined qualitative research as follows:

> *"a type of educational research in which the researcher relies on the view of participants, asks broad, general questions, collects data consisting largely of words (or texts) from participants, describes and analyses these words for themes, and conducts the inquiry in a subjective, biased manner (p. 39)".*

From the definitions and explanations of qualitative research as evidenced within this section, it is presumably understood that if a researcher must avoid the accusation of ecological fallacy, qualitative research should be conducted. Thus, it makes researchers and readers to understand humans in their natural setting. Bryman, (2016 P.322) argued that ecological fallacy will be committed in research if inferences about individual are based on aggregate data finding. The point of argument here is that individual who are having or have had first-hand experience or feeling about phenomenon should be contacted to explore their perceptions or constructs. The best research approach that meet this requirement is qualitative research. It is inductively based rather than deductive base. It intends to gain or explore a phenomenon within the embers of conceptual framework rather than theoretical framework.

Having discussed the characteristics of qualitative research in line with the epistemological views of some scholars, the next question that will be answered is why qualitative approach was chosen for this study. This question is technically asking for explanation in relation to the validity of the adopted research approach.

Qualitative research approach was adopted within the study for several compelling reasons.

Firstly, qualitative research is quite useful if the essence of a study is to understand or explore meanings people give to event, experience, and opinions (Creswell, 2005, P. 39). Secondly, qualitative study allows the researcher to gain an in-depth understanding of phenomenon like feeling, assumptions, thoughts, or opinion which could be practically difficult to learn through a traditional research approach like quantitative (Bryman, 2016, P.322). Thirdly, Bryman, (2016, P.322) noted that qualitative study best suit a situation that require the researcher to study a phenomenon in their natural settings. Fourthly, qualitative requires a researchers' participant role as determine by the research questions (Biggam, 2015, P. 168).

My justification for the choice of qualitative study will begin with the fourth premise as mentioned above. Thus, the nature of my research approach stems from my research questions. The study questions are: 1. Will auditors in the UK maintain a professional scepticism attitude If their professional liability is capped? 2. Can auditors' liability capping help to demonopolize the current UK audit market? 3. Can audit profession survive and grow in the face of colossal legal claim against them in the UK? 4. What are the sources and drivers of auditors' liability in the UK?

The nature of the study question is more of opinion, perceptions, feelings and individual's constructs exploration. The traditional research design like quantitative study cannot answer these questions in their natural settings. There is nothing to prove here, and there is no hypothesis or theory testing. Its approach is inductive based rather than deductive base. While inductive approach elicits theory making to gain an understanding, deductive approach elicits theory testing, quantification and measurement of reality. Moreover, the study questions are not aiming at causes and effect or relationship. Rather it aims to assess plausibility under uncertainty conditions as there is no existing probability that can help to measure reality objectively.

The third rationale for chosen qualitative study with the research topic is based on the claim that qualitative study best suits a situation that require the researcher to study a phenomenon in their natural settings. Bryman, (2016) described this postulation as ecological based study. For example, Bryman substituted the word ecology for natural settings. Within this study, the perceptions or opinion of qualified and non-qualified Accountants in the UK were explored through semi-structure interview and online survey. This is expected to reveal their natural state of mind in relation to the research topic. It must be mentioned as well that other research approach like quantitative study cannot meet this requirement or characteristics. Quantitative study usually aims to accept or reject hypotheses that are formulated by the researcher. In order to successfully do this, the researcher would need a large amount of quantifiable data that could possibly enhance the possibility of reality measurement.

Moreover, the research topic is contemporary. The debate in relation to the research topic has lasted for than a decade in the UK. It is naturally difficult for any scholar to claim absolute right answer as individual opinion on the topic is subject to his or her ontological and epistemological paradigm. This is against the doctrine of quantitative study, that reality can be measured objectively without human influence.

The second rationale for chosen qualitative research design is that qualitative study allows the researcher to gain an in-depth understanding of phenomenon like feeling, assumptions, thoughts, or opinion which could be practically difficult to learn through a traditional research approach like quantitative study. If this premise holds, though in my opinion it does within my limited understanding, qualitative study is the answer to the research questions as it is fit for purpose. Critics could argue that the application of descriptive statistics within the study would have solicited for quantitative study. The answer to this piece of argument is that academic fallacy would have been committed if quantitative option was accepted within the remit of the research topic. For example, the application of a specific research tool alone cannot determine the nature of research in its right (Biggam, 2015, p.163). Biggam argued that it is the combination of research strategy, research approach, data collection means, and research questions that determine the type of research to be conducted. If this point is construed to be valid or acceptable by academia, then, the reasonableness of the choice of qualitative study within the contemporary research topic becomes justifiable, and acceptable.

Having discussed the rationale for choosing qualitative research design within the context of the study, the next section will examine the limitation of qualitative research approach.

4.2.1 QUALITATIVE RESEARCH: LIMITATIONS

The starting point regarding the limitation of qualitative research within this study is anchored on the argument of Chandra, and Shang (2017). For example, they argued that qualitative research approach sometimes underrates contextualisation sensitivities, thereby focusing on experiences and meanings that participants gave. Critics could argue that the view of Chandra, and Shang called for a caution. For instance, researchers may have misapplied the doctrine of qualitative study if contextualisation was underplayed. If this is the case, it could be argued that this has nothing to do with qualitative research method as the act of misapplication rests with the researcher.

Despite the constructive criticisms that Chandra, and Shang's views have received, it must be mentioned that within this study, the researcher remained contextually focused. For example, the researcher has made references to auditors' liability capping several times as the contextual settings of the study.

Smith and McElwee, (2015) argued that qualitative research principally focusses or try to understand participants' experience in order to possibly give a valid interpretation. Intuitively speaking, critics could argue that the above-mentioned limitation lacked constructive criticism. For example, the essence of qualitative study is to gain an in-depth understanding of phenomenon. If experience or perception option is not empirically explored, one could end up conducting a literature review and not qualitative study.

Furthermore, Boddy, (2016) argued that the use of small sample size in qualitative study raises the issue of generalizability. This criticism suggests a lack of understanding regarding the terrain of qualitative study. For example, sample size is a choice that a researcher should make. The appropriateness and reasonableness of the sample in relation to the population would require justification. This has nothing to do with qualitative method itself.

Moreover, the wisdom behind qualitative study is to explore participants' opinions, feeling and experience on contextual basis. The intention to generalise findings do not exist in qualitative study, unless several studies are conducted within the same phenomenon (Boddy, 2016; Parker, and Northcott, 2016).

Sandy and Dumay, (2011) qualitative research method is a long hard road, encompassing enormous and elusive data on one side, and other stringent requirements in relation to data analysis on another side, within the corridor of data interpretation.

It can be argued that the nature of every research itself is time consuming. If this assertion from the researcher become acceptable in the research community, it could be inferred that the limitation labelled on qualitative research method on the ground of rigour or timeliness lack merit.

Finally, it is imperative for readers to understand that within this study, the researcher do not intend to generalise findings. Thus, opinions of participants in conjunction with literature were explored to gain the constructs held by qualified and non-qualified Accountants regarding auditors' liability capping within the ambit of the research topic. Having constructively and objectively examined the strengths and limitations of qualitative research within this section, the next section within this study will examine researcher's positionality within the frame of qualitative study. For example, it will explore the definition of the term "positionality". Rationale for positionality will be discussed briefly, and the researcher's positionality within the research topic will be discussed.

4.3 THE RESEARCHER' S POSITIONALITY

The first question that readily comes to mind whenever "researcher's positionality" is mentioned in the literature has bearing with its meaning. Savin-Baden and Major, (2013 p. 71) argued that the term researcher's positionality describes researcher's worldview and the position they have chosen within the context of their research topic.

Within the lens of researchers' positionality, Creswll, (2015, P.8) argued that each researcher has a philosophical, historical, social, racial and political background. He further stressed that each of the above characteristics form the ontological and epistemological view of researchers including bias: which could be practically impossible to bracket out in the field of research. If the premise of Creswell as mentioned become acceptable in the research community, another argument could erupt. For example, the claim that absolute truth which is devoid of human interference exist according to positivists could become questionable. Biggam, (2015, p. 169). however, cautioned that the recognition of researcher's positionality underscores the myth or notion that human beings are neutral or unbiased when they participate in anything of their interest. Altheide & Johnson, (1994) argued that if it is generally acceptable in the field of research that human being are not bias free in anything of their interest, it therefore become expedient for researchers to acknowledge those limitations or biases and state them explicitly during data collection, analysis, interpretation and reporting in their research. This is hoped to help qualitative studies readers in evaluating the validity of any conclusion derived or extrapolated from data set.

As it has become a requirement for qualitative researchers to reflect on their research process in relation to their positionality to possibly guard against unethical or unintentional influence thereby promoting objectivity and the reliability of their research, the following discussion reflect on my personal experiences germane to this research.

Having previously worked in the bank as account officer and account assistant for about 4 years both in West Africa and in the UK, I had the opportunity to work closely with external auditors. For example, they come with the mind of enquiry by testing the internal control mechanism in relation to their efficacy. They ask individual personnel in the account department about their role. For example, they would like to establish whether the person that is assigned to a specific role is the actual person that is performing the role. They asked individual account officers about the system they use on daily basis. I have seen the auditors in many occasions, checking the information in the audit trail. They usually ask question in relation to the rationale behind any cancellation or deleted data in the system.

Prior to the external auditor arrival, the chief accountant who is the head of internal control or finance department will notify all account officers and account assistant about the coming of the auditors. Thus, a good sense of decorum will be maintained at the highest level when external auditors are around. Within the account department, a high degree of meticulousness will be maintained whenever external auditors are around. Within the account department, high degree of superiority, respect, and error finding are sometimes ascribed to auditors. After the departure of the auditors, you could see a sigh of relief from our faces. Some of my colleagues will jokily described the auditors as the necessary “devils”. This is because there is always fear of uncertainty in the air whenever auditors are around in the building. After the departure of the auditors, some of my colleagues could jokily asked others “are you trying to audit my professional competence”? The general belief in the department was that auditors are professional police when it comes to financial statements integrity protection. As individual, this was my position in relation to auditors’ professional scepticism attitude. With this mind set, I made up my mind to become an auditor one day because they are highly regarded in the society as professionals that hold integrity to the extreme. Indeed, I enrolled as ACCA self -study student couple of years ago. Currently, I have become ACCA part qualified, having passed thirteen out of fourteen modules as a requirement to become a qualified auditor or accountant. With this little practical and heavy theoretical understanding, I could say that I have an idea about what audit entails and what auditors can or can't do.

However, two factors have changed my positionality in relation to the research topic. The first is the position of the UK government who has refused to cap auditors' liability in the UK. The debate to cap auditors' liability in Europe following the recommendations of the EU in 2008 has fallen into deaf ears from the UK government perspective. For example, about 33 countries in Europe have adopted auditors' liability capping as a strategy in Europe. Finding from the literature review chapter within this study revealed that the UK government is reluctant to cap auditors' liability because of fear of uncertainty. Thus, will auditors maintain a professional scepticism attitude if their liability is capped? This very question formed part of my research question.

The second factor that has changed my positionality within the research topic is based on the responses from some audit partners and manager from top audit firms in the country. For example, when they were asked during interview phase being method of data collection, some of them simply replied by saying "this is a difficult question to answer". Some said that "the future is pregnant and it could be difficult to tell what it will give birth to in terms of auditors in the UK professional attitude if their liability is capped" Some said it is up to each audit firm to behave differently if auditors' liability in the UK is capped.

Based on this reality as explained above, currently, my positionality remains indecisive or neutral in relation to the research topic within the embers of auditors in the UK professional behaviour if professional liability is capped.

4.4 RESEARCH MOTHODS: DATA COLLECTION METHODS

Having presumably gained an understanding about research methods based on Bryman's views as discussed in section 4.1, the research methods or tools that were explored within this study principally consist of semi-structure face-face audio recorded interviews in conjunction with Likert type scale questionnaire that was administered online and the review of pertinent literature.

The rationale for exploring these sources of information or tools was to gain an understanding regarding the constructs held by qualified and non-qualified Accountants in the UK within the topic in general terms, and critically appraise their views to possibly construct a reasonable recommendation and conclusion. This in return helped the researcher to obtain relevant and reliable information that has contributed immensely toward the realization of the study objectives.

The justification for the application of each research instrument specifically as mentioned within this section are discussed below in the light of each instrument's strengths/limitations.

4.4.1 DATA COLLECTION METHOD JUSTIFICATION: LITERATURE REVIEW

One of the strengths of literature review as a research instrument is that it enables the researcher to gain an understanding regarding what has been written about the topic under investigation (Buenechea-Elberdin, 2017). Thus, within this study, it has been revealed to the researcher the existing knowledge gap within the research topic.

Buenechea-Elberdin, (2017) argued that the review of literature help researchers to critically summarise the current knowledge within the phenomenon being investigated, identified strengths and weaknesses in previous studies in relation to the research topic. For example, within the context of this study, the review of pertinent literature has helped the researcher to appropriately place the context of the study in relation to the previous studies, but within the scope of the research topic.

Biggam, (2015, P. 110) argued that the review of pertinent literature within a study provides an up-to-date understanding of the subject and its significance to the researcher. Furthermore, it has also helped researchers to identify the methods used in previous studies that connect the current topic under investigation. For example, the review of pertinent literature within this study revealed the current debate regarding auditors' liability in the UK. The debate has shifted from "joint and several liabilities", limited liability Corporation, limited liability agreement, to liability statutory capping as the current debate. Furthermore, the review of literature within the study revealed to the researcher how to answer research questions and indeed, what questions need to be asked.

4.4.2 DATA COLLECTION METHOD: LITERATURE REVIEW LIMITATION

Biggam, (2015, P. 134) noted that researchers do have their inherent biases whether they are explicitly expressed or not. These biases are determined by each researcher's ontological and epistemological views. Therefore, literatures are produced or shaped to some extent based on the views of the researchers which are not bias free. It can be argued that though this point appeared valid on the surface, within this study, the researcher has explicitly expressed his positionality in relation to the phenomenon being investigated. Within the ambit of the research topic the positionality of the researcher is permitted to be construed by the reader in a variegated form as a matter of ontological and epistemological paradigm.

4.4.3 DATA COLLECTION METHOD JUSTIFICATION: FACE-FACE INTERVIEW

Rahman, (2016) argued that the use of face-face semi structured interview being a research instrument or technique allows the researcher to collect data qualitatively by orchestrating situation (interview) that allows respondents to express their views on the research topic. Thus, the interview process is initiated and girded by the interviewer, thereby exploring areas of interest during the interview process. This point could be argued by critics: that the interviewer might be interpreted to be someone who manipulates the interview process towards the objective of the interview. A counter argument that could follow is that the primary objective of the interview process is to gain the construct held by the interviewee to possibly avoid hasty generalisation in relation to behaviour. It must be reiterated at this juncture that the central focus of this study is on human behaviour (auditors in the UK) rather than object.

Furthermore, the use of semi-structure questions allows the interviewer to probe deeply into area of interest whenever the need arises during the interview process. For instance, the interviewer could ask the interviewee (please I need you to elaborate on the point you have just raised).

Moreover, the use of face-face semi-structured interview enabled the researcher to build a conversational based rapport that is devoid of mono-directional. For example, the researcher asked questions that he deemed appropriate during the interview phase. The process accommodates questions that naturally occur during the interview process, thereby eliciting flexibility. The interviewee on the other hand is not obliged to answer all the questions from the interviewer (researcher). Thus, the interviewee is permitted to decline to any question without explaining to the interviewer the reason behind such action (freedom).

Chandra and Shang, (2017) argued that the use of semi-structure interview enhances high validity. For example, the interviewee can discuss his or her views in great depth or detail. Thus, the meaning or presumed meaning behind an action or in relation to a statement could be explained during the interview phase. At the same time, the facial appearance and the intonation of the interviewee could speak volume in gesticulation. Finally, the use of semi-structure interview enhances researchers' knowledge through probing during the interview process. For example, the interviewee may suggest an idea during the interview process which is not within the understanding of the interviewer. Through probing, the knowledge of the interviewer will increase. This same advantage simultaneously solves pre-judgement problem before and during the interview. For example, researcher or interviewer may decide in advance the type of questions that should be asked during the interview phase in relation to their importance. The interviewee can break this jinx during the interview phase by raising points that can illuminate into dark areas that merits further discussion within the research topic.

4.4.4 DATA COLLECTION METHOD: FACE-FACE INTERVIEW LIMITATION

Having justified the rationale behind the use of face-face interview as a means of data collection in the above section, this section briefly discussed the limitations of face-face interview in relation to this study.

The nature of face-face interview demands physical presence of the interviewer and the interviewee. The implication of this requirement or necessity is that the interviewer needs to agree with the interviewee on the most convenient and appropriate venue of the interview as it pleases the interviewee. As a result, the interviewer must travel to different locations as proposed by the interviewee. For example, within this study, the interviewer (researcher) travelled extensively all over the UK during the face-face interview process in attempt to make a successful interview as agreed with the interviewee though the venue might not be convenient for the researcher in terms of distance. One further implication that is associated with distance as mentioned above is the irrecoverable travelling cost. For example, within this study, the researcher travelled to thirty different locations within the UK on different dates and time. It can be inferred from the above point that travelling cost can determine the number of interviews qualitative researchers can conduct within a study. If this happen within a study, the final result may be distorted resulting from the researcher's inability to collect sufficient and appropriate face-face interview because of travelling cost.

Furthermore, face-face interview as a means of data collection is energy sapping and timing consuming. For example, within this study, each interview lasted for a minimum of sixty minutes. After the interview have been conducted, the recorded interview in the audio tape was transcribed for the first time. Within this process of transcribing, large volumes of words were generated. The transcribed words were later sent into NVivo, thereby looking for themes as they emerge.

If any researcher must conduct a qualitative study by using face-face interview as a means of data collection, the researcher must naturally possess the skills or competency of conducting face-face interview. If the researcher is not endowed with this natural capability, the researcher must compulsorily learn those skills within a short period. Otherwise, the researcher might be tempted to opt for a method of data collection which might not be appropriate for the chosen topic (Nguyen, 2015)

Finally, the possibility of data saturation occurring during the interview process might dissuade researchers from using interview as a means of data collection. The most difficult aspect of data saturation is that the interviews must be conducted first. For example, if the researcher realises that new information is not emerging during the interview process (data saturation), the researcher could assume that data saturation has occurred and abruptly stop conducting interviews.

4.4.5 DATA COLLECTION METHOD: LIKERT SCALE QUESTIONNAIRE

Having successfully discussed the limitations of face-face to interview as a means of data collection within a qualitative study, this section briefly justified the rationale behind the use of Likert scale questionnaire as a means of data collection. In the same vein, this section equally discussed the limitations of Likert scale in relation to the study.

The main justification for the use of questionnaire within this study is that they are universally acceptable method of data collection in qualitative and quantitative study. Thus, they are easily understandable.

Furthermore, Likert scale questionnaire has quantitative characteristics which could be easily expressed in percentages. For example, the quantitative characteristics of Likert scale makes it easier for researchers to draw conclusions in a graphical form based on the responses from respondents.

More also, because questions are based on Likert scale format, respondents are not forced to express an either-or opinion, rather allowing them to be neutral should they so choose. In the same vein, the statistical nature of Likert scale facilitates statistical data analysis in research.

Lastly, it is very quick and easy to run this type of survey, and it can be sent out through some important means of communication like text messages and e-mail.

4.4.6 DATA COLLECTION METHOD: LIKERT SCALE QUESTIONNAIRE LIMITATIONS

One of the limitations of Likert scale within this study is that it failed to measure respondents' attitudes. Unlike face-face interview process where the researcher could read the body language and the attitude of the interviewee in relation to a specific question. Furthermore, Likert scale questionnaire is multiple choice based designed within the study. This enable respondents to express the level of their agreement, disagreement, or neutrality in relation to a specific question. A peculiar limitation to this freedom is that it offers respondents the opportunity to balance their answers, particularly, those who try to avoid extremism.

4.5 SAMPLING

As a part of data gathering, this study adopts a simple random sampling technique. This involves the random selection of samples from the entire population (Biggam, 2015, P. 164). The compelling rationale for this method of data collection within the study are as follows:

Firstly, the technique is bias free. Thus, the individuals who make up the subset of the larger group are chosen at random. Therefore, each individual in the large population set has the same probability of being selected. This creates, in most cases, a balanced subset that carries the greatest potential for representing the larger group as a whole (Biggam, 2015, P. 164)

Secondly, random technique is simple. For example, the application of simple random sampling is less complicated than other method like stratified random sampling (Biggam, 2015, P. 164)

Furthermore, it was also practically impossible to sample the entire population of auditors in the UK within the context of the study and in the light of limited financial resources. Consequently, the researcher adopted a simple random sampling technic which helped the researcher to overcome the above-mentioned limitations.

4.6 POPULATION

The population of qualified Accountants in the UK was 23,013 as at October 2020 (Register of Auditors, 2020).

However, the study collected and analysed primary data base on a random sample of 2000 which comprised Chartered Accountants, top management, Institutional

Investors, and Individual investors in the UK. The rationale for the chosen audience is that the issue at stake in relation to the research topic is deemed to have impact on the chosen audience in practical terms. Therefore, the researcher deemed it expedient to understand their feelings, and opinions through semi-structured interviews and Likert scale questionnaire.

On the other hand, the study has national and economic bearing. As a result, 30 auditors were interviewed specifically in order to possibly gain their constructs in practical terms. For the avoidance of bias within this study, other accountants in the UK who are not practicing as auditors were also surveyed electronically within the 2000 sample.

The questionnaires were developed after face-face interviews have been conducted. This enabled the researcher to gain a better understanding about auditors in relation to the research topic. As a result, a more meaningful questionnaire that covered the research topic holistically was developed.

The rationale for the chosen method of questionnaire administration is that the method can increase respondents' rate and it is cost free.

The rationale for the chosen number of interviews are based on the following assumptions. Firstly, the number is achievable because individual auditors' details are available online in the auditors' register within the UK professional body. Secondly, the researcher assumed that risk of data saturation will not occur within the chosen number. For example, individual auditor's experience, risk appetite, feeling, and awareness within the research topic varied.

Moreover, the concept and the application of data saturation in qualitative research remains problematic and it has been recently scrutinised by scholars (Francis et al., 2010; O'Reilly and Parker, 2012).

Regarding data saturation, O'Reilly and Parker, (2012) noted that the current, generally accepted definition of data saturation is not that data collection has to conclude because of resource limitations but that no new insights have been observed. O'Reilly and Parker argued that the emphasis on data saturation as a criterion in qualitative studies could compel researchers to have a false claim of data saturation.

However, the studies carried out by Guest et al., (2006) finds no convincing evidence on how data saturation was reached.

Another study carried out by Francis et al., (2010), were eighteen published papers were reviewed, fifteen claimed to have reached data saturation. However, Francis et al., (2010) finds out that though the definition of data saturation was consistent, thus, that no new themes, findings, concepts or problems emerging from the data, it remained unclear what data saturation means in these research and how it was decided upon. Guest et al., (2006) argued that while it could be adequately high to conduct 30 in-depth interviews within PhD study, in practical terms, they find out that they had data saturation after 12 interviews within the scope of 60 interviews conducted, while most of the themes emerged after 6 interviews. Wray et al., (2007) argued that the concept of data saturation is defined by individual researcher within the scope of each research. They argued that if new themes or findings could not emerge after a certain number of interview that this is not sufficient to conclude that data saturation has been reached. Thus, that new themes or findings could further emerge if additional interviews are conducted based on individual's idiosyncrasies, erudition, education and state of mind at the point of the interview. Corbin and Strauss)2009) argued that total saturation could be difficult to claim or achieve, thereby corroborating Francis et al., (2010) view on data saturation.

In the light of these dichotomies amongst scholars regarding data saturation in qualitative research, the chosen number at 30 interviews is justified with specific reference to the view of Corbin and Strauss, (2009).

4.7 DATA ANALYSIS METHOD

The study adopts qualitative contents analysis as data analysis method in conjunction with descriptive statistics. Thus, this involves coding, classification, categorisation and data cross referencing. The justification for the chosen method is that the qualitative data that were collected involved literature review, face-face semi-structured interviews and the use of Likert scale questionnaires respectively. By implication, information from the above-mentioned sources were qualitatively analysed and reported.

Secondly, primary data were collected from groups of specific stakeholders in relation to the study. For example, the audit firms' staff in the UK. Thus, responses from questionnaires were expressed, described and analyse in percentages. On the other hand, responses from interviewees, literature review and Likert scale questionnaire were articulated, compared for consistency, and analysed separately to forge a coherent in-depth analysis and understanding of the research phenomenon. The aim is to highlights the significant messages from the multiple sources of data collection (methodological triangulation) within the context of the study which in turn permit a plausible recommendation or conclusion as a derivative of credibility, transferability, dependability and confirmability at the end of the study. It also aimed to enhance readers' understanding in relation to the research topic that has lasted for more than a decade in the UK. Thus, professional negligence has become a matter of the presiding judges' level of erudition, ontology, epistemology, and legal stance. The above-mentioned qualities or characteristics were maintained within the study resulting from the use of content analysis.

4.8 DATA ANALYSIS PROCEDURE

Strauss & Corbin, (1994) argued that qualitative studies centre on continuous interplay between data collection and data analysis. For example, within this study, transcription of audio recorded interview followed immediately after each interview was successfully conducted. Transcripts were later uploaded into NVivo, where themes emerged.

Regarding information from survey, analysis was conducted in stages. Thus, following the closure of the online survey that was conducted using Bristol Online Survey (BOS) software, statistical information like respondents' rates, status, gender, qualification and Likert scale results were generated. This information was transposed into SPSS for descriptive statistics analysis using exact significance level at (2-tailed) as the basis of comparing the mean ranks values regarding the opinion of qualified and non-qualified Accountants in the UK as calculated within Mann Whitney U test column. Thus, it was construed that less than 5% significance level suggest there is significance difference in terms of opinion between qualified and non-qualified Accountants in the UK.

Denzin & Lincoln, (2011) argued that there is no mono methodical process of conducting or analysing data within qualitative study. Thus, data analysis is meaning making process and not a mechanical process. It is rather an intellectual and creative process. In corroboration to the argument of Denzin & Lincoln, (2011), Strauss & Corbin (1994) argued that "there is no particular moment when data analysis should begin". Thus, that data analysis simply involves taking things apart objectively. By inference, within this study, the researcher does not only essentially gain an understanding in relation to how auditors in the UK make meanings from the research question, but also the researcher gained an understanding on how themes emerged from the empirical data.

Within this study, the researcher followed the system of data analysis and coding procedures as suggest by Creswell, (2009, P.187), despite the argument of Denzin & Lincoln, (2011) as discussed within this section. For example, Creswell encouraged qualitative researchers to adopt a traditional data analysis method that allow codes, pattern and theme to emerge within the data set. Within this study, the empirical data were thoroughly reviewed through an open coding process. Thereafter, the researcher reviewed the codes that translate into themes within the data set.

The adopted six steps of data analysis as prescribed by Creswell are discussed below. It must be mentioned that the process is neither static nor in linear order of analysis.

Step 1: Prepare and organize data for analysis (Creswell, 2009. p. 185). During this phase within the study, the researcher transcribed the audio tape from interviews in word document.

Step 2: Thoroughly read the data (Creswell, 2009. p. 185). The essence of this step according to Creswell is for the researcher to know the data very well. In line with this recommendation, the researcher reread the data that emerged from the interviews, thereby reflecting on the meanings and themes as they are conveyed by the interviewers.

Step 3: Start coding process and detailed analysis (Creswell, 2009. p. 185). Within this study, the researcher organized data into segments by taking text data as they emerged in sentences. These were later named or labelled with terms reflecting the actual language of the interviewers.

Step 4: Use the coding process to generate a description of the setting or people as well as categories for these for analysis (Creswell, 2009. p. 185). Within this study, the researcher generates codes as they emerged from the data. These codes were later used in description in relation to themes before the commencement of full data analysis.

Step 5: Advance how the description of the themes will be represented in the qualitative narrative (Creswell, 2009. p. 185). In applying this step within the study, the researcher translates the themes that emerged into narrative passages, thereby eliciting findings logically from the participants' perspective or responses.

Step 6: Interpret the meaning of the data (Creswell, 2009. p. 185). According to Creswell, researchers' ontological paradigm plays an important role in the process of making meaning from data. Within this study, the researchers' work experience in the capacity of account officer and accounts assistant informed his understanding in relation to the participants' responses to questions.

To convey the perceptions of the interviewee purportedly, the researcher focused on what the participants said, how they say it, and the conclusions they have drawn.

4.8.1 DATA CONDENSATION

Analysis of data in qualitative studies have two main objectives: (1) to gain understanding regarding participants' constructs or perspective, (2) to give answers to the research questions. Marshall and Rossman, (1999) argued that qualitative data analysis fosters the opportunity to organise data logically, thereby attributing meanings to the data collected. In order to possibly realise the logical and meaning attribute based on Marshall and Rossman above, the researcher meticulously followed the three phases described by Miles and Huberman, (1994): (1) data condensation, (2) data display, and (3) conclusion drawing and verification.

Miles and Huberman, (1994) argued that data condensation is the first phase of data analysis in qualitative study. For example, it involves the process of writing, selecting, modifying through simplification, and the extraction of themes and patterns from transcripts, field notes, and other sources of data collection. In line with this specification, the researcher re-read transcripts that emerged from the audio recorded interview, aiming to find similarities and differences within themes. For example, codes were assigned to themes as they emerged from participants' ideologies, concepts or perspectives. The selected themes later transcended in relation to the researcher topic.

4.8.2 Data Display

Miles and Huberman, (1994) noted that data display are tools used by researchers in presenting the results of data condensation. For example, they are used by incorporating pieces of information into results in a format that is easily accessible and well summarised, thereby promoting conclusion drawing. Data display usually involves matrices and network. Matrices formed rows and columns in relation to the data that have been extracted from coded transcripts that were organised according to themes with appropriate and sufficient quotations, supporting the themes.

On the other hand, networks are charts that help the researchers to summarise the information in a succinct manner, thereby creating a mental picture of reduced data on how the information emanated from participants' constructs within the embers of the research topic. The techniques that were adopted within this study were influenced by the results data condensation.

In buttressing the significance of date display, Miles and Huberman, (1994) argued that "form follows function". This means research technique(s) must be influenced or dictated by the research questions and the emerging concepts. Immediately the appropriate technique was identified within this study, data display was created within each case, thereby eliciting legitimate findings from across all sources of data collection.

4.8.3 CONCLUSION DRAWING AND VERIFICATIONS

Miles and Huberman, (1994) noted that the final phase of data analysis includes drawing tentative conclusion based on cross case data display which helps in subjecting the initial conclusion to procedural verifications. The verification exercise aims to ensure that findings are appropriate, before they transcend into conclusive results. Within qualitative studies, results are construed to be verified and appropriate having evaluate its trustworthiness. The next section within this study briefly discuss how participants were recruited in the light of ethical dimension in relation to the result of this study.

4.9 PARTICIPANTS RECRUITMENT: SELECTION PROCEDURE AND ETHICS DIMENSION

Prior to the recruitment of participants for the study, an ethics form was completed and submitted to Salford business School ethic board for a review. The feedback from the Chairman of the ethics board advised that the researcher should be more detailed, explicit and specific in relation to how participants will be selected and recruited. He also commented that the researcher should improve on his grammatical structure which according to him are not good enough within the context of external communication. As a result, he emphasised on improvement in those areas: hence the ethics application was rejected first time.

The researcher accepted and worked on the recommendations of the chair. Areas were improvement has occurred in relation to the first submission were highlighted in yellow colours when the ethics form was resubmitted for the second time. The ethics application was accepted. However, the chair also commented on some grammatical error: hence he called for improvement in this area.

Having successfully gained ethical approval from Salford business School ethics board, the researcher accessed chartered accountants and institutional investors register in the UK. The researcher randomly selected 30 auditors' details for face-face interview. Profiles of the individual auditors were checked online. For example, the researcher used a minimum of ten years working experience as criteria for selecting statutory auditors for the interview. The position of each auditor being a criterion was adopted during the selection phase. For example, each auditor must have held the position of audit partner, manager or a principal auditor in an audit firm. The rationale for these criteria was to possibly enhance rich information from experienced auditors as the topic debate has lasted more than a decade in the UK.

When the above criteria were finally met, invitation letters were sent to the selected auditors in the UK. A sample of the invitation letter can be found in appendix "A". Having achieved the invitation letter's aim which had positive responses, conference halls, rooms, or receptions halls were arranged by the individual auditor based on their convenient dates, time and venue. It was only one auditor who could not make the interview as planned because of his overseas engagement. However, he arranged with his fellow senior partner in the same company who accepted to participate in the interview. Sample of the semi-structured interview questions can be found in appendix "B". The interview was successfully planned and executed at different locations, dates, and time across the UK.

Table 4.1 below shows the participants' number, names, cities where the interview took place, dates and time of the interview.

TABLE 4.1 Participants

Participants No.	Names of interviewee	City of interview	Date of interview	Time of interview
1	Bureaucrat	Hull	18/08/2017	14:00 PM
2	Reserved	Leeds	25/08/2017	11:00 AM
3	Quiet	Blackpool	31/08/2017	13:00 PM
4	Regret	London	04/09/2017	14:00 PM
5	Professional	Aberdeen	11/09/2017	14:00 PM
6	Eloquent	Birmingham	19/09/2017	14:00 PM
7	Trust	Manchester	26/09/2017	13:00 PM
8	Unbelieve	Warrington	28/09/2017	12:00 PM
9	Government	Wrexham	05/10/2017	14:00 PM
10	Unique	London	11/10/2017	14:00 PM
11	Western	Bradford	18/10/2017	15:00 PM
12	amazing	Cardiff	23/10/2017	12:00 PM
13	Surprise	London	30/10/2017	14:00 PM
14	Awareness	Oxford	06/11/2017	12:00 PM
15	Dislike	Hull	13/11/2017	15:00 PM
16	Excellent	Bristol	21/11/2017	14:00 PM
17	Great	Manchester	27/11/2017	16:00 PM
18	Fantastic	Oldham	07/12/2017	11:00 AM
19	Doubtful	Liverpool	13/12/2017	15:00 PM
20	Beautiful	Chester	21/12/2017	16:00 PM
21	Necessity	Belfast	28/12/2017	12:00 PM

22	Professor	London	05/01/2018	15:00 PM
23	Experience	London	12/01/2018	14:00 PM
24	Carefulness	Bury	22/01/2018	11:00 PM
25	Integrity	Hull	29/01/2018	14:30 PM
26	Difficult	Cardiff	09/02/2018	13:00 PM
27	Loud	Bristol	16/02/2018	11:00 PM
28	Individual	Wigan	22/02/2018	15:00 PM
29	Opinion	London	07/03/2018	12:00 PM
30	Honesty	London	19/03/2018	16:30 PM

The interview was audio recorded. The participants were duly informed in advance that the interview will be audio recorded as contained in the invitation letter. How data protection act and anonymity status requirement were met are contained in the invitation letter that were sent to participants prior to the interview.

The transcription of the recorded interview followed immediately after each interview. The interview started in August 2017 and ended in March 2018. To possibly enhance transcripts accuracy, the researcher reviewed the transcribed scripts while listening to the audio and compared them for consistencies. Each transcript was sent to interviewee, thereby validating the assertion that their interviews were purportedly transcribed.

At the beginning of each interview that was conducted in relation to this study, I interacted warmly with participants, iterating that their professional opinions were personal and not representative of their companies where they work. This in return enabled the participants to speak freely, without the impression that they are being investigated. Each profile is a representation of those who participated in the in-depth interviews in relation to the research questions as mentioned above, and the chosen names of the individual reflects their personal characteristics, unique style of expression and mannerism as perceived by the researcher.

4.10 PARCITPANTS' PROFILE

1. Bureaucrat, 62, has 32 years working experience being auditor in the UK. He had his first degree in Industrial Mathematics, Accounting in second degree, and PhD in Accounting. Bureaucrat became a qualified auditor in the UK having completed his second degree in the UK. He has chaired The Irish Auditing and Accounting Supervisory Authority (IAASA) for five years, ACCA Financial Reporting Advisory Committee member for three years. Currently, he is working as international senior audit partner in one of the big four audit firms in the UK.
2. Reserved, 45, has 20 years working experience as auditors. He currently worked for one of the big four audit firm in the UK as senior international auditor He has held several positions like audit manager and audit partner for many years. Reserved studies accounting in his first degree, and finance at master's level before he became a chartered accountant. He frequently travels overseas for international engagement in relation to audit assignment.
3. Quiet, 37, has 10 years working experience as auditor in the UK. She is currently working for one of the top 30 audit firms in the UK being senior audit manager. Quiet studied Economics in her first degree, Finance in her second degree before she became chartered accountant in the UK.
4. Regret, 51, has 15 years working experience being auditor in the UK. Regret studied business administration in his first degree. He held diploma in accounting before he became chartered accountant. Currently, Regret is the principal auditor in one of the medium sized audit firm in the UK.

5. Professionalism, 49, has 13 years working experience as auditor in the UK. Professionalism studied accounting in his first degree and Finance in his second degree before he became chartered accountant in the UK. Currently, Professionalism woks as senior auditor in one of the top 6 audit firm in the UK.
6. Eloquent, 53, has 22 years of working experience as auditor in the UK and overseas. Eloquent studied Economics in his first degree and Accounting at Masters' level before he became chartered accountant in the UK. He also had PhD in accounting at one of the ancient University in the UK. Currently, Eloquent works as principal auditor in one of the medium sized audit firm in the UK.
7. Trust, 47, has 12 years working experience as auditor in the UK. He studied business administration in his first degree, and diploma in accounting before he qualified as auditor in the UK. Trust currently work as audit manager in one of the top ten-audit firm in the UK.
8. Unbelieve, 45, has 13 years working experience both in the UK and overseas. Unbelieve had his first degree in Finance in one of the overseas countries, Accounting at Masters' level before he became qualified auditor in the UK. Currently, Unbelieve is working for one of the top five audit firms in the UK as senior auditor.
9. Government, 42, has 11 years working experience in the UK as auditor. Government had his first degree in business management before he became qualified auditor in the UK. Currently, Government is working with one of the top 10 audit firms in the country as audit partner.
10. Unique, 38, has 10 years working experience in the UK and overseas as auditor. She started her audit career as an apprentice having had diploma in accounting before she finally qualified as auditor in the UK. She also studied Accounting in

her first degree. Currently, Unique is working as senior auditor in one of the top 30 audit firms in the UK.

11. Western, 46, has 14 years working experience as auditor in the UK. He studied Business management in his first degree, Accounting in second degree, and Accounting at PhD level in the UK. Currently, Western is working as senior audit partner in one of the big four audit firms in the UK.
12. Amazing, 42, started her accounting career through apprenticeship scheme. She studied accounting in her first degree in the UK before she became qualified accountant. Amazing has 11 years working experience as senior auditor in one of the top 30 audit firm in the UK.
13. Surprise, 50, started his accounting career through apprenticeship scheme after his graduation from the college in the UK. He later studied accounting in the University in the UK before he became chartered accountant. Currently, he is the principal auditor in one of the medium sized audit firm in the UK with 20 years.
14. Awareness, 37, has 10 years working experience as auditor in the UK. Awareness studied mathematics in her first degree, finance in her second degree, before she became chartered accountant in the UK. Currently, Awareness is working in one of top 20 audit firm in the UK as senior auditor.
15. Dislike, 43, started her accounting career at the age of 17 through apprenticeship scheme. She became chartered accountant at the age of 23. Dislike studied business administration in her first degree. Currently, she is working as auditor in one of the top 15 audit firm in the UK with 10 years working experience as auditor.

16. Excellent, 46, studied mathematics in his first degree, accounting in second degree, before he became chartered accountant. Excellent has 15 years of working experience both in the UK and overseas. Currently, he works as audit partner in one of the big four audit firm in the UK.
17. Great, 62, has 30 years of experience as auditor, researcher and author in the UK. Great studied Economics in his first degree, accounting in second degree and accounting at PhD level. He is also a board member of regulatory body like Financial Reporting Council (FRC) and Association of Chartered Certified Accountant (ACCA). Currently, Great work for one of the top 5 audit firm in the UK as senior audit partner.
18. Fantastic, 37, started her accounting career at the age of 18 through apprenticeship scheme. She became chartered accountant at the age of 26. Fantastic also had her first degree in accounting. Currently, she is working as senior auditor in one of medium sized audit firm in the UK with 10 years of working experience as auditor.
19. Doubtful, 52, became chartered accountant at the age of 23. He studied mathematics in his first degree, finance in his second degree, and accounting at PhD level in the UK. He has served as advisory board member or committee to regulatory body like Institute of Chartered Accountant England and Wales (ICAEW, ACCA, and FRC). Currently, he is working as senior audit partner in one of the big four audit firm in the UK with 29 years of working as auditor in the UK.
20. Beautiful, 43, has 12 years of working experience in the UK as auditor. Beautiful studied business management in her first degree and accounting at Masters'

level before she became qualified auditor. Currently, Hope work for one of the top 10 audit firm in the UK as audit manager.

21. Necessity, 53, became chartered accountant at the age of 24. He has 20 years of working experience as auditor in the UK. He studied Mathematics in his first degree, Accounting in his second degree, and Accounting at PhD level in the UK. Necessity has served as board member in relation to financial reporting in the UK to regulatory bodies like, Institute of chartered Accountants in Ireland (ICAI), and ACCA. Currently, he works as senior audit partner in one of the top 5 audit firm in the UK.
22. Professor, 43, studied Econometrics in his first degree, Finance in his degree, and Finance at PhD level. Professor became qualified auditor in the UK three years after his master's degree. He has 15 years of working experience being auditor in the UK, and he has served as board member (FRC) for five years, (ICAEW) for four years. Currently, Professor is working as senior international auditor in one of the top 5 audit firm in the UK.
23. Experience, 40, has 10 years of working experience as auditor. She studied Business administration in her first degree, finance in her second degree before she became qualified auditor in the UK. Currently, Experience works for one of the 20 top audit firm in the UK as auditor.
24. Carefulness, 41, studied Accounting in her first degree before she became qualified auditor in the UK. She has 11 years of working experience as auditor in the UK. Currently, she is the principal auditor in one of the medium sized audit firm in the UK.
25. Integrity, 47, has 12 years working experience both in the UK and overseas. Integrity studied Economics in his first degree and Accounting in his second

degree before he became qualified auditor in the UK. Currently, Integrity works as audit manager in one of the top 5 audit firm in the UK.

26. Difficult, 39, has 10 years working experience as auditor in the UK. Difficult studied Mathematics in her first degree and accounting in her second degree before she became qualified auditor in the UK. Currently, Difficult works as audit partner in one of the top 30 audit firm in the UK.
27. Loud, 48, has 12 years working experience as auditor both in the UK and overseas. Loud studied Accounting in his first degree and Accounting in his second degree before he became qualified auditor in the UK. Currently, Loud is the principal auditor in one of the medium sized audit firm in the UK.
28. Individual, 58, has 23 years working experience as auditor both in the UK and overseas. Individual studied Economics in his first degree, accounting in his second degree, and Accounting at PhD level. He has written books in audit and financial accounting. He has served as board member in ACCA for 5 years. Currently, Individual is working as international senior audit partner in one of the top 5 audit firm in the UK.
29. Opinion, 40, has 12 years working experience as audit manager in the UK. She studied Economics in her first degree, accounting in her second degree before she became qualified auditor in the UK. Currently, Opinion works as audit partner in one of the medium sized audit firm in the UK.
30. Honesty, 55, has 25 years working experience as auditor in the UK. Honesty studied Accounting in his first degree, Finance in his second degree, and Accounting at PhD level. Honesty has served as financial reporting advisory committee to FRC for 5 years. He has written books on financial reporting and

auditing. Currently, Honesty works as senior audit partner in one of the big four audit firm in the UK.

Table 4.2 below is a summary of participants' group characteristics.

Table 4.2 Participants' Group characteristics

Participants No.	Name	Gender	Age	Years of experience as Auditor	Academic Qualifications & professional body membership
1	Bureaucrat	M	62	32	BSc, MSc, PhD, ICAEW
2	Reserved	M	45	20	BSc, MSc, ACC
3	Quiet	F	37	10	BSc, MSc, ACCA
4	Regret	M	51	15	Cert, BSc, ICAEW
5	Professionalism	M	49	13	BSc, MSc, ICAEW
6	Eloquent	M	53	22	BSc, MSc, PhD, ACCA
7	Trust	M	47	12	Cert, BSc, ICAEW
8	Unbelieve	M	45	13	BSc, MSc, ACCA
9	Government	M	42	11	Cert, BSc, ACCA
10	Unique	F	38	10	DiP, BSc, ACCA
11	Western	M	46	14	BSc, MSc, PhD, ACCA
12	Amazing	F	42	11	BSc, ICAEW
13	Surprise	M	50	20	BSc, ICAEW
14	Awareness	F	37	10	BSc, MSc, ICAEW
15	Dislike	F	43	10	BSc, ACCA
16	Excellent	M	46	15	BSc, MSc, ACCA
17	Great	M	62	30	BSc, MSc, PhD, ICAEW
18	Fantastic	F	37	10	BSc, ICAEW
19	Doubtful	M	52	29	BSc, MSc, PhD, ACCA
20	Beautiful	F	43	12	BSc, MSc, ACCA
21	Necessity	M	53	20	BSc, MSc, PhD, ACCA.
22	Professor	M	43	15	BSc, MSC, PhD, ICAEW
23	Experience	F	40	10	BSc, MSc, ACCA
24	Carefulness	F	41	11	BSc, ACCA
25	Integrity	M	47	12	BSc, MSc, ACCA
26	Difficult	F	39	10	BSc, MSc, ICAEW
27	Loud	M	48	12	BSc, MSc, ICAEW
28	Individual	M	58	23	BSC, MSC, PhD, ICAEW.
29	Opinion	F	40	12	BSc, MSc, ACCA.
30	Honesty	M	55	25	BSc, MSc, PhD, ACCA.

4.11 DESCRIPTIVE THEMES

Data analysis commenced immediately the interview data was transcribed into text. The next procedure was data condensation. This involved reading and re-reading the transcribed data, thereby creating opportunity for data familiarisation. What followed was data familiarisation process and the emergence of themes. The themes that emerged during data transcription process are: (1) Professional Scepticism, Audit profession, (3) Unfairness, and (4) Insurance premium.

In addition to the above-mentioned themes which were discussed and analysed in the next chapter, the transcribed data also suggested that the existing constructs of auditors in the UK are of twofold: the perception on how auditors in the UK have been treated in relation to professional liability, and the future implication of this treatment in the UK society and the audit profession. Some of the themes revealed to me how disappointed auditors in the UK are. Thus, they found it difficult to understand why the UK government as refused to adopt capping strategy even though auditors in the UK are stringently regulated by independent professional bodies in addition to the UK government oversight body like Financial Reporting Council (FRC). It also revealed to me the unique character of each auditor that was interviewed in conjunction with their feelings on the research topic.

Furthermore, the emergence of themes through participants' voices provided thick descriptions of their perceptions and feelings in relation to the research questions.

4.12 PILOT STUDY

Prior to face-face interview phase and the administration of questionnaires, five pilot interview questions were posted to auditors in the UK. The essence of the five-pilot interview questions as advocated by Bryman, (2016, P. 384) are as follows:

1. it enables participant to understand the basis and structure of the questions that they will be asked during the interview.
2. It often provides the researcher with ideas, approaches, and clues that would not have been foreseen before conducting the pilot study and eventually the interview. Thus, such ideas and clues increase the chances of getting clearer findings in the main study.
3. It permits a thorough check of the planned statistical and analytical procedures, giving the researcher a chance to evaluate their usefulness for the data. Thus, researcher may then be able to make needed alterations in the data collecting methods, and therefore, analyse data in the main study more efficiently.
4. It can greatly reduce the number of unanticipated problems because researcher will have an opportunity to redesign parts of your study to overcome difficulties that the pilot study reveals.
5. It may save a lot of time and money. The pilot study almost always provides enough data for the researcher to decide whether to go ahead with the main study.

Based on the feedback from the pilot study in relation to semi-structure interviews and the initial findings from the interviews, questionnaires were restructured and administered electronically.

4.13 TRUSTWORTHINESS OF RESULTS

Bryman, (2016, P. 384) argued that qualitative study should be evaluated or judged based on different criteria. Thus, that it is important to specify terms or established ways of assessing the quality of qualitative study being alternative to reliability and validity. Consequently, they proposed method of assessing the quality of qualitative study: trustworthiness.

4.13.1 CREDIBILITY

Credibility criteria demands that social study should be conducted in consonance with the principle of good practice and submitting social research findings to the members of the social world (participants) that formed part of the phenomenon being investigated. The essence of these criteria is to obtain confirmation that the investigator correctly understood that social world, thereby promoting respondent validation (Bryman, 2016, P. 384). In line with the above requirements or criteria, the researcher has discussed how ethical dimension has been fulfilled in relation to the study in the previous sections. The researcher also discussed how members of the social world were recruited and how copies of transcripts were sent to them, thereby abiding by the principles of good practice; while eliciting respondents' validation simultaneously.

4.13.2 TRANSFERABILITY

Transferability can be likened to the concept of external validity in quantitative research. However, the concept of transferability in qualitative studies is contextualisation and thick description based (Bryman, 2016, P. 384.) For example, transferability seeks to understand whether findings from qualitative study relates to the phenomenon context or other contexts at the time of the investigation. In other words, is the findings from specific qualitative study transferable? Bryman, (2016 P. 384) argued that thick or rich description account serves as database that enable readers to make an informed judgement regarding possible transferability of findings to another context. Within this study, the researcher has made rich descriptions on how findings were derived within the context of the research topic. For example, the researcher maintained a detailed field log of all activities, contacts, and procedures in conjunction with the reflexive journal that was based on his research experience. By implication, the researcher has provided readers the opportunity to make their judgement whether the findings from the study is contextually transferable or not.

4.13.3 DEPENDABILITY

The concept of dependability in qualitative studies is parallel to the concept of reliability in quantitative studies (Bryman, 2016, P. 384). In order to established trust worthiness, Bryman argued that qualitative researchers should maintained an “audit trail”. Thus, records of the research process and phases should be kept. These includes but not limited to fieldwork notes, participants’ recruitment procedures, interview transcripts, data analysis decision and justification. Peers thereafter act as auditor, evaluating the reasonableness of the procedures, strategies, instruments, theories and justifications as applied to the study. Within this study, the researcher-maintained audit trail in relation to interview questions, designed questionnaire, invitation letter and participants’ consent form. These are evident in the appendixes. Moreover, the researcher’s peer was granted the opportunity to constructively assess the research methods, data analysis methods, data collection methods, process, and procedures as applied within this study thereby acting as auditors.

4.13.4 CONFIRMABILITY

The central premise of confirmability begins with impossible absolute objectivity in social studies. Bryman, (2016, P. 386) argued that while it is practically impossible for researchers in social studies to maintain absolute objectivity, social researchers should demonstrate that their theoretical inclination, perceptions, and religion (bias) do not overtly sway the conduct of their research and findings. It could be argued that this is the responsibility of peer view, acting like auditors as previously discussed within the sections above. To enhance confirmability in this study, the researcher stated his positionality within the context of the study. The researcher also grants percipients the opportunity to read the transcripts based on participants' request. Thus, confirming their perceptions during the interview phase. Finally, the researcher within this study also grants peers the opportunity to constructively and objectively criticise the research method, data analysis method, data collection methods, initial findings in relation to the research topic, question and objectives.

4.14 REFLEXIVE JOURNAL

Reflexive journal is a revelation account of records kept throughout a research process. The purpose of such journal is to record activities that were undertaken by the researcher, ideas and decisions of the researcher, and some demonstrations or attitudes that cannot be recorded during the interview phase (body language). The researcher begins his journal entries in relation to the empirical aspect of the study immediately pilot study was completed. For example, the starting and completion dates in conjunction with the feedbacks from the pilot were recorded. During the interview phase, the body language of respondents was noted by the researcher in his reflexive journal. The researcher also recorded interview dates as agreed with the participants on his reflexive journal. The researcher's journal equally served as personal diary and master calendar throughout the research phase. The journal being a subjective source of data collection as against objective one enhanced the researcher's capability during the data analysis phase. For example, the facial appearance and body language together with rising and falling of participants' tone were carefully documented as they make meanings in their right during the interview phase.

4.15 PEER VIEW

As previously mentioned within this chapter, the purpose of peer view was to x-ray the research process and procedures in the light of acceptable practice within the research community. My professional colleagues and study partners who have in-depth understanding about the research topic were asked to critically appraise the research process and procedure. Most of the aspect that were peer viewed includes not limited to the following: pilot semi-structure interview, pilot Likert scale questionnaire, transcripts, how themes emerged, the congruency between the research initial finding and the research topic, objectives and questions. They also peer viewed how the participants were recruited, the quality of their individual profiles in relation to their experience within the context of the topical research topic. The peer view exercise in the researchers' opinion adds to the trustworthiness of this study.

4.16 CHAPTER SUMMARY

In summary, this chapter discussed the methodology and methods as applied to the study. It illuminated into dark areas regarding the distinction between research methodology and methods. It justified the philosophical paradigm that underpinned the study being interpretivism. The chapter explained the necessity of empirical study within the phenomenon that is being investigated and justified the chosen research strategy, data collection and analysis methods in the light of fit for purpose. The chapter concludes by discussing briefly trustworthiness and its characteristics before it finally discussed the role of peer view that acted like auditors during the research phase, thereby increasing the propensity of trustworthiness of the study.

The next chapter presents a qualitative analysis and discussion based on the interviews that was conducted in the UK being one of the fundamental basis of empirical data exploration within this study.

CHAPTER FIVE: ANAYLSIS AND DISCUSSION OF INTERVIWS FINDINGS

5.0 INTRODUCTION

This chapter presents a qualitative analysis and discussion based on the interviews that was conducted in the UK being one of the fundamental basis of empirical data exploration within this study. Interviews were undertaken in order to gain an understanding of the interviewees' perceptions in relation to the research topic. However, at the end of the interviews exercise, it became apparent that survey on the phenomenon being investigated is feasible, thereby eliciting methodological triangulation.

In attempt to enhance a robust and unbiased analysis and discussion within this chapter, findings from existing literature that corroborate or refute the empirical results are quoted directly where they are available, and the interviews only explored the opinions of thirty statutory auditors in the UK.

The chapter is made up of three sections as follows. The first section presents participants' group characteristics. The second section analyse and discuss findings from interviews that was conducted in the UK within the study. Finally, the third section contains a summary of the chapter.

It must be mentioned here clearly that within this chapter, the description, analysis and discussion of empirical research findings were done simultaneously as advocated by (Biggam, 2015. P.186)

The primary aim of the study centred on gaining an understanding in relation to auditors' behaviour if their professional liability is capped; whether auditors' liability capping can help to demonopolize the UK current audit market that is dominated by the big four audit firms; and whether audit profession in the UK can survive and grow in the face of colossal claims against auditors in the UK. To answer the research questions effectively, the researcher constructed semi-structure interviews among the statutory auditors in the UK as mentioned in the preceding chapter. The essence was to gain their constructs on the research topic. The interviewees were either audit partner, audit managers or audit senior who would be expected to be knowledgeable about the addressed research issues. The interviews were recorded and transcribed verbatim, thereby reflecting participants' voices.

The pages that follow have revealed the major findings that emerged from the interviews and they are analysed and discussed in the order of themes. Participants' quotes are written to some degree within the understanding of modern English language. Thus, they are written or presented in a style that could enhance readers' understanding about participants' perceptions and feelings in relation to the research questions.

5.1. PARTICIPANTS' AGE, WORK EXPERIENCE AND ACADEMIC PROFILE

This section presents participants summarised profiles in relation to their age, work experience and academic qualifications. The participants' profile emerged from the semi-structured in-depth interviews that was conducted in the UK in relation to the research questions. The profiles also aided analysis within this chapter. A summary of the UK based participants' age, work experience and academic qualifications is presented in table 5.1 below:

TABLE 5. 1 Participants' age, work experience and academic qualifications

Age	Work Experience Average	First degree qualification	Second degree qualification	PhD qualification	Professional qualification
37-60 (93%)	16 years (23%)	100%	70%	30%	100%
60 and above (7%)					

From the above table, it could be construed that the participants are knowledgeable in relation to their experience and qualifications within the context of the study. For example, while 100% of the interviewee had first degree and professional qualification, 70% had second degree while 30% had PhD qualifications. When it comes to age and working experience, 93% of the interviewee age fall into the category of active labour force in the UK. Thus, between the age of 37-60. The working experience at average of 16 years and this represents 23% of the entire population that was interviewed.

If the above analysis is acceptable to the readers of this study and academia, it could therefore be inferred that the conclusion or recommendations from this study partly based on the participants' opinion in the course of interview could immensely contribute to transferability in this study.

It must be mentioned clearly in the ephemeral that the above interpretation should be regarded at best to be a hypothetical statement whose validity remain unknown. Thus, further information is needed in order to possibly draw a plausible conclusion regarding the significance of the participants group characteristics as analysed above.

Having described, analysed, and discussed the participants' age, work experience and academic qualifications with reference to table 5.1 , the next section of this chapter will focus on analysis and discussion based on findings from the interviews that was conducted in the UK within the study. The analysis and discussion are simultaneously done in order of themes emergence during the interviews.

5.2 PROFESSIONAL SCEPTICISM

This theme is a derivative of one of the research questions which asked participants whether in their opinion auditors in the UK will relax their professional scepticism attituded if their professional liability is capped?

Most of the responses from participants regarding the above question as summarised in table 5.2 below revealed that auditors in the UK will maintain a professional scepticism attitude if their professional liability is capped. Specifically, 90% of the participants strongly agree or agree to this question during the interview process. However, 4% strongly disagree or disagree that auditors in the UK would maintain their professional scepticism attitude, while 6% remain neutral to the question on whether auditors in the UK will relax their professional scepticism attitude if their professional liability is capped.

TABLE: 5.2

Question: Will auditors in the relax their professional scepticism attitude if their professional liability is capped	SA/A	N	SD/D
%	90%	6%	4%

Below are excerpts that revealed individual auditors' perception in relation to the study question number one.

According to Professor who is currently working as senior international auditor in one of the top 5 audit firm in the UK,

> *"it is unthinkable to believe that auditors in the UK will relax their professional scepticism attitude if their professional liability is capped. The reputation of the auditing profession, the professional body that each auditor belongs, the reputation of each auditing firm is at stake".*

What happened in the US in 2002 during the Enron saga is a strong lesson for auditors in the UK. Arthur Andersen, which was the auditing firm to Enron Corporation voluntarily surrendered its practicing licenses to Certified Public Accountants in the US when the firm was found guilty of criminal charges. Certified Public Accountant is a professional body that regulates the behaviour of auditors in the US. This marked the demise of Arthur Andersen as auditing firm, and the big five was reduced to big four. Professor lamented that it is shameful that the UK government assumed that auditors in the UK will relax their professional scepticism attitude if their liability is capped, hence the debate lingered for more than a decade in the UK.

The perception of Regret who is currently working as the principal auditor in one of the medium sized audit firm in the UK is in consonance with the construct and feelings of professor. According to Regret,

> "*the believe of the UK government that auditors in the UK could relax their professional scepticism attitude if their liability is capped do make me regret my decision to become an auditor in the UK. Auditors in the UK are assumed to have lacked reputation. If this interpretation is incorrect, what is the cause of the UK government fear"?*

According to Regret, countries like Germany, Belgium, and Greece have adopted auditors' liability capping as a strategy. Does this suggest that the auditors in those countries are more reputable than those in the UK? Has the UK government given a consideration to what could happen to audit market in the UK if there is another demise of audit firm among the big four? If the UK government do not trust auditors in the UK, why are they addressed as professional? As Regret was talking during the interview process, I could see the sign of regret on his face being an auditor in the UK, hence the name reflects his unique character.

According to Bureaucrat who is currently working as international senior audit partner in one of the big four audit firms in the UK,

> *"The UK government lacked reputation; hence the government finds it difficult to trust auditors in the UK, believing that auditors in the UK could relax their professional scepticism attitude if their liability is capped. In my candid opinion, auditors in the UK will maintain their professional scepticism attitude if their liability is capped".*

According to Bureaucrat, the regulation of audit profession in the UK has become bureaucratic. For example, the EU recommended capping strategy in 2008 following London Economics research findings. Some countries in Europe have adopted capping strategy. Yet, the UK government has no regard for the yearnings of the public, hence it remains adamant in its decision, Bureaucrat lamented.

According to Reserved, who is currently working for one of the big four audit firm in the UK as senior international auditor,

> *"the rejection of capping strategy as recommended by EU in 2008 by the UK government is a revelation of what the UK government has taken the UK auditors to be. Thus, that the auditors in the UK lacked reputation or professional scepticism attitude. This believe is quite erroneous and unfortunate".*

However, Reserved, believed that auditors in the UK will not relax their professional scepticism attitude if their liability is capped. Reserved explained that every individual auditor or audit firm belongs to a professional body which has professional ethics that must be followed by each auditor being a member. For example, it is against the professional ethics of ACCA for any of its member to bring the association into a disreputable position. This is a strong point that auditors in the UK cannot joke with, hence I believe that auditors in the UK will not relax their professional scepticism attitude towards the integrity of financial statements.

However, the views of Integrity are slightly different compared to professor and other interviewees as mentioned above. According to Integrity who is currently working as audit manager in one of the top 5 audit firm in the UK.

> *"It is difficult for me to say categorically that all the auditors in the UK will maintain professional scepticism attitude if their professional liabilities are capped if I must be honest with myself".*

Integrity argued that the concept of generalization could question the believe that auditors in the UK will maintain their professional scepticism attitude if their professional liability is capped in the absence of empirical findings. Integrity further argued that each audit firm has a different motive regarding their legal existence in the UK and this motive could serve as a propelling force towards financial statements integrity being a product of professional scepticism attitude from auditors' perspective. The construct of Integrity remains unambiguous in relation to how auditors in the UK could possibly behave if their professional liability is capped in terms of generalization. It could be inferred that Integrity's argument is based on absolute terms school of thought.

Corroboratively, some of the above findings are in consonance with the arguments of Yu, et al., (2013). They argued that despite the claim that the big four dominants the audit market, the quality of audit report has improved over the decade in the UK. This simply implies that if audit quality has improved over the years in the UK despite the claim of audit market monopolisation by the big four audit firms, auditor's professional liability capping could prosper financial statements integrity in the UK hence auditors' liability capping could stimulate a healthy competition in the UK audit market.

Furthermore, Watts and Zimmermann (1983), Lim and Tan (2008), Firth (1990), Wilson and Grimlund (1990), Weber et al., (2008) argued audit failure do affect auditors' reputation even when there is no legal claim against them as this adversely impact on their market share. This point further corroborates other findings within this section. If this assertion is assumed to be correct that audit failure does adversely affect auditor's reputation, then, it can be inferred that auditors in the UK will not relax their professional scepticism attitude if their liability is capped.

However, proponents of non-capping can claim that auditors' liabilities capping can impact adversely on listed companies' financial statements' integrity in the UK.

As earlier mentioned from the previous chapter within this study, fear of uncertainty is looming in the air regarding the impending danger or benefits that auditor liability capping could bring in the UK in terms of listed companies financial statements integrity. However, the recommendations from European Union in 2008 on the topical subject area in conjunction with the UK government strategy on the topic has provoked divergent opinion (Humphrey & Samsonova, 2015; Philipsen, 2014). For example, studies carried out by London Economics, (2006) find out that auditors' liability capping cannot adversely impact on listed companies' financial statements integrity in Europe. In the same vein, European Union, (2008), recommended liability capping as one of the strategies for European countries in managing the epidemics of civil liabilities against auditors in Europe. Unfortunately, it failed to mention specifically the impact such recommendation could have on listed companies' financial statements in terms of its integrity. One can argue that if its impact could have adverse effect on financial statements integrity, such recommendations would not have come forth.

In the same vein, Laux, and Newman, (2010); Defond, and Zhand, (2014) argued that the fear of unlimited liability and reputation damage from auditors' perspective can prosper financial statement integrity. Belcher, (2006) and He, et al., (2014) argued auditors' liabilities is the solution to the existing problems of civil claim against auditors. Thus, that capping can possibly induce auditors to do more in enhancing financial statements' integrity. Belcher argued that medium tier audit firm could be encouraged in the market. For example, capping can stimulate competition in the audit market that is currently monopolised by the big four accounting firms. This could in return enhance financial statements integrity. The Association of British Insurers, (2007) argued that it is difficult to reach a conclusion on the appropriate strategy of limiting auditors' liability. However, Aureilia, (2012) opined that Liability Limitation Agreement (LLA) might not have adverse effect on audit quality resulting from stringent regulations and sound audit procedures in place.

In summary, based on the interviewee's opinions in relation to how auditors in the UK could behave if their liability is capped, and in conjunction with the corroborative evidence from literature, it can be construed that auditors in the UK will maintain their professional scepticism attitude as expected if their liability is capped.

5.3 MONOPOLIZATION

The concept of monopolization during the interview was based on audit market in the UK. Thus, participants were asked whether capping strategy can help to demonopolize the current audit market in the UK that is currently dominated by the big four accounting firms.

100% of the participants that were interviewed unequivocally agreed that the audit market in the UK is uncompetitive or monopolised, and that capping strategy can possibly help to reduce this oligopoly to an acceptable level.

According to Honesty who is currently working as senior audit partner in one of the big four audit firm in the UK,

> *"the current UK audit market is dominated by the big four. I will prefer to use the word dominated rather than monopoly. This is because, the big four are not responsible for this so-called dominance, hence I declined to use the word monopoly".*

Honesty further explained that if the so-called dominance in the UK market is an issue, the UK government would have done something about it. Thus, it is one thing for the public or professional bodies to complain about something, it is another for the government to see the reasonableness of any complaints and urgently address the issue on ground. In the interim, so long the UK government is reluctant to address the problem of dominance in the UK audit market, it could be expedient for one to say that the dominance of the big four in the UK audit market is not an issue.

According to Eloquent who currently works as principal auditor in one of the medium sized audit firm in the UK,

> *“you don’t have to be an accountant, academician or an investor before you can understand or know that the UK audit market is monopolised or uncompetitive. This topic that UK audit market lack competitiveness had formed headlines in mass media over the years in the UK”.*

However, the question that remain unanswered according to Eloquent are: what are the factors responsible for this so-called monopoly in the UK audit market? What has the UK government done over the years to reduce or minimise this uncompetitive industry? If these questions are addressed, one could begin to have the assurance that one day the audit market in the UK could become competitive.

Eloquent argued that auditors’ liability capping is one of the panaceas that can help to reduce the oligopoly the market is currently facing. Eloquent, however lamented that the UK government is reluctant to address this very issue. For example, the government failed to implement capping strategy to the fullest in the UK. It could argue further that other strategies like Liability Limitation Agreement (LLA), Limited Liability Partnerships (LLPs) and Proportionate Liability Sharing (PLS) are available.

The opinion of Quiet who is currently working for one of the top 30 audit firms in the UK being senior audit manager in relation to the UK audit market monopolisation is corroborative to the opinions of the Honesty and Eloquent as explained above.

Quiet, opined that it is true that the UK audit market is monopolized by the big four, and the UK government is fully aware about this. It is also no news to suggest that capping strategy can help to reduce the current monopolisation practice in the UK audit market. However, because the UK government has refused to implement capping strategy, it could be inferred that the UK government is not interested in solving the uncompetitive current nature of the audit market in the UK.

Necessity who currently works as senior audit partner in one of the top 5 audit firm in the UK commented during the interview as follows:

> *"It is once said in military world that immediately an enemy is identified is battle front, the war is 50% won. However, the current situation in the UK audit market in relation to this adage is suggesting that it is either this adage has become outdated, or the UK government is not interest in fair solution to the problem on ground".*

Necessity opined that "necessity is the mother of invention". Thus, the UK audit market is currently dominated by the big four. Ironically, the UK government has rejected the panacea to the problem in the UK audit market. The question that followed is who is to be blamed for this unfortunate situation? Is it the big four who are invited to tender for the audit engagement assignment; the directors of listed companies that invite the big four audit firms; or the UK government that failed to regulate the market and bring about competition? Necessity argued further that the UK government appears to be playing double standard game in relation to the UK audit dominance. For example, there are anti-monopoly legislations in the UK, and there is office of Fair Trading in the UK. These oversight bodies work collaboratively to ensuring fair competition in all sectors in the UK. The question that could follow in relation to the UK audit market dominance is: why is the UK government quiet about this unfortunate situation? This question however remained unanswered as it is beyond the scope of this study.

If the findings within this section are presumably correct, question that could readily come to mind is: how probable is it for auditors' liability capping to stimulate competition within the UK audit market? The primary aim of this question is to gain an understanding as to whether audit market in the UK is currently uncompetitive, and what must be done to possibly reduce oligopoly in the market. London Economics (2006) find out that the UK audit market is concentrated in the hands of the big four. Namely, (PwC, KPMG, Deloitte, and Ernst & Young). The major fact that influenced concentration was due to unwillingness of the medium tie audit firm to accept high profile client, resulting from fear of unlimited liabilities (Philipsen, 2014). In the same vein, (EC, 2008; EC, 2010; Davies, 2010) argued that auditors' liability issue needs to be addressed to possibly achieve progress on both the development of the role of the audit and the encouragement of greater competition in the audit market. Thus, they stressed on the significance of reducing auditors' liability to possibly stimulate competition in the market. Belcher, (2006) and Weber et al., (2008) argued the expected competition in the audit market will only become an illusion if auditors' liability is not capped.

Based on findings, analysis and discussion within this section, it could be inferred that the UK audit market is uncompetitive. For example, empirical finding within this section and some literature are inconsonance regarding the lack of healthy competition in the UK audit market.

5.4 AUDIT PROFESSION

The emergence of this theme (audit profession) was contingent upon one of the study questions which asked the participants whether audit profession can survive and grow in the UK should the profession continue to pay colossal claim resulting from professional liability. In response to this question, 90% of the participant agreed that the number of registered statutory auditors in the UK will continue to decline over time if the issue of auditors' liability is not addressed. In the same vein, 10% of the interviewees agreed that unhealthy competition in the audit market could compel some medium sized audit firms' staff to change profession thereby relegating capping strategy.

One of the interviewees called Individual who is currently working as international senior audit partner in one of the top 5 audit firm in the UK opined that the audit profession is already experiencing a decline in relation to the number of registered auditors in the UK. This finding also corroborated with the opinion of Western who is currently working as senior audit partner in one of the big four audit firms in the UK.

For example, Western opined that the declining rate in relation to the number of registered statutory auditors in the UK year in and out is not surprising. This is simply because young talents are fully aware of the danger of becoming an auditor in the UK. The risk appears to be higher than the benefits hence the declining rate.

AccountancyAge, (2017) argued that "the number of registered firms that are sole practitioners or corporations also continues to decline, with an almost 37% reduction between 2003-2016". In the same vein, FRC, (2016) reported as follows:

> "*the number of registered audit firms continues to decline gradually. The overall number of registered audit firms was 6,331 as at 31 December 2015, a fall of 304 firms (4.6%) compare to 4.9%* since 31 December 2014" as displayed on table 5.3 below.

Table 5.3: Number of Firms Registered with the RSBs

Number of Principals in Firm	ACCA	AAPA	ICAEW	CAI	ICAS	TOTAL
1	1,349	18	1,306	465	65	**3,203**
2 - 6	599	4	1,682	407	115	**2,807**
7 - 10	8	0	157	9	9	**183**
11 -50	4	0	97	10	8	**119**
50+	0	0	14	3	2	**19**
Total as at 31.12.15	**1,960**	**22**	**3,256**	**894**	**199**	**6,331**
Total as at 31.12.14	2,032	30	3,435	930	208	**6,635**
Total as at 31.12.13	2,139	39	3,592	972	220	**6,962**
Total as at 31.12.12	2,255	49	3,728	986	221	**7,239**
Total as at 31.12.11	2,224	57	3,864	995	235	**7,375**

Source: Financial Reporting Council, 2016.

Table 5.4: Increase/decrease on the number of registered audit firms in the UK between 31st December 2011 to 31st December 2015

Year	31/12/2011	31/12/2012	31/12/2013	31/12/2014	31/12/2015
Number of registered auditors	7,375	7,239	6,962	6,635	6,331
Percentage change per year	-	(1.88%)	(3.98%)	(4.93%)	(4.80%)

Table 5.3 presents the total number of registered auditors among the accountancy professional bodies in the UK between 31st December 2011 – 31st December 2015. In the same vein, table 5.4 is a derivative of 5.3 and it primarily enhanced the analysis of table 5.3 below.

As evident in table 5.4, the number of registered audit firms in the UK as at 31st December 2011 was 7, 375 and as at 31st December 2015 it was 6,331. This represents an average decrease of 16.49% between 31st December 2011 to 31st December 2015

A similar trend is evidenced in table 5.3. For example, the number of registered audit firm in the UK between 31st December 2011 and 31st December 2015 is decreasing progressively year after year. Though the decreasing rate on the number of registered audit firms in the UK is not linear as evidenced in table 5.4, the fact remains that this is concerning. Thus, if the expectations of accounting information users must not go into abyss regarding financial statement integrity and the current monopoly in the UK audit market, the declining rate regarding the number of registered audit firms in the UK need to be addressed as a matter of agreeable necessity.

Table 5.5 below focus on the number of members who hold audit qualification between 2015 and 2017. This is expedient because it will enable readers to gauge the expected number of registered auditors in the future. Thus, the number of members who registered as auditors is a function of the number of members that hold the audit qualification.

Table 5.5: Number of Student Registered Auditors

		ACCA	ICAEW	CAI	ICAS	AIA
Number of students in the UK and ROI	2015	81,460	18,165	6,623	3,350	201
	2016	82,953	19,713	6,330	3,718	168
	2017	**82,124**	**20,946**	**6,655**	**3,837**	**127**
Number of students following the audit route or eligible for the audit qualification	2015	N/A	15,058	5,168	N/A	5
	2016	N/A	16,372	5,028	N/A	4
	2017	**N/A**	**17,224**	**5,348**	**N/A**	**4**
The number of members who were awarded the audit qualification	2015	92	1,115	579	32	0
	2016	84	885	442	652	0
	2017	**116**	**859**	**352**	**412**	**0**
The number of members who hold the audit qualification	2015	3,383	108,526	7,003	11,297	11
	2016	3,213	107,403	7,445	11,439	9
	2017	**3,109**	**106,605**	**7,797**	**11,709**	**9**

Source: Financial Reporting Council, 2018.

Table 5.6 below summarised the total number of members that hold audit qualification between 2015 – 2017.

Table 5.6: Total Number of Members that hold Audit Qualification

Year	2015	2016	2017
Total number of members that hold audit qualification	130,220	129,509	129,229
Percentage change per year	-	(0.549%)	(0.217%)

As evidenced from table 5.6, the total number of members who hold audit qualification in 2015 was 130,220. In 2017, this number declined to 129,220. This represents a declined-on average of 0.774% between 2015 – 2017.

Though the declining rate is not linear in nature as evidenced from tables 5.5 and 5.6, the fact remains that the number of members that hold audit qualification in the UK is at declining state. As previously explained, if this declining state in relation to the total numbers of accounting professional that hold audit qualifications should continue in the UK, the most likely impact are as follows: firstly, the number of registered auditors in the UK will decline. Secondly, this could stimulate the level of dominance in the audit market among the big four. Thirdly, the true and fair view that is expected from financial statements assertions could become a mirage hence the demand for auditors could be higher than the number of available auditors in the UK.

Despite the compelling evidence from the existing empirical data within this section, it is expected that proponent of non-capping could argue that the declining rate of registered auditors in the UK should not be attributed to their professional liability challenge alone.

Corroboratively, these findings could be interpreted to be a direct manifestation of academic prophecy of Bollen et al., (2005). They argued that if infamous accounting malpractices continues continue to happen in the UK, that auditors are most likely to be sued by various stakeholders. Consequently, the number of registered auditors in the UK will continue to shrink. This academic prophesy manifested in the UK particularly as the level of civil claim against auditors in the UK increased to a point that company's Act of 2000 was changed in 2006 in attempt to ameliorate auditors' liability by the UK government following its threat to the profession's existence (Flores, 2011; Giudici, 2012; Samsonova & Humphrey, 2014). Therefore, the declining rate of registered statutory auditors in the UK is a fulfilment of what has been foretold academically.

It can also be construed that if the number of registered auditors in the UK continue to shrink resulting arguably auditors' professional liability, then it can be easily predicted that most listed company's financial statements in the UK will invariably become defective in the future. This is simply because the demand for auditors' services in the

UK could be higher than its supply. Recall that auditors' professional liability is a product of defective financial statements. The implication of this trend could result to the following: auditors in the UK could relocate to tax-haven countries.

Ahmed and Quinn, (2013) find out that more than 40 multinational companies have inquired about relocating their headquarters to the UK because of the cuts in corporation tax. Wix, (2016) ; and Business News, (2016) find out that three-quarters of Chief Executive Officers (CEO) in the UK are considering relocating their head offices abroad. This includes the big four CEOs. Economia, (2015) cautioned that though there could be tax advantage for companies in the UK relocating to abroad, the cost of living could have a high cost economic effect. Report based on the survey carried out by KPMG, (2016), the first 100 CEOs That helped their companies to generate annual revenue of about £100 million to £1billion are considering relocating their head offices to abroad. This equally includes the big four. Robert Walters Practice Division, (2016) noted that "Low tax with low- or no-income tax, working offshore can be a great opportunity to earn and save a substantial amount of money".

It has been established from this section that the big four audit firms in the UK are already considering relocating resulting from tax issue. Therefore, it can be construed that auditors' liability problems in the UK could easily fast track this decision to relocate amongst the big four. The consequent of the big four relocating abroad could adversely promote defective financial statements in the UK.

The second implication in relation to audit profession in the UK is the profession could possibly go into near extinction. Evidence from FRC as displayed in table 5.5 within this section revealed that number of registered auditors in the UK are declining on yearly basis. Though this declining rate is not steady or linear, the most important point to consider is that the declining rate is not positive. Thus, it is a symptom that audit profession will go into near extinction in the UK if auditors' liability issue is not urgently addressed.

5.5 UNFAIRNESS

The emergence of this concept (unfairness) came from the central questions of this study during the interview phase. For example, participants were asked whether auditors in the UK will relax their professional scepticism attitude if their liability is capped. The second question was whether capping strategy can help to demonopolize the current audit market in the UK that is dominated by the big four audit firms. The third question was whether audit profession in the UK will survive and grow should stakeholders in the UK listed companies continue to sue auditor in the UK for colossal claims resulting from defective financial statements. Unfairness became a reoccurring point during the interview in relation to the study question as mentioned above. For example, 98% of the interviewee pointed out that auditors in the UK are not fairly treated when it comes to accountability in connection with financial statements misstatements. In contrast, 2% of the interviewee opined that though it is reasonable on the basis of fairness to wholly and exclusively hold auditors in the UK accountable for the defectiveness of financial statements of listed companies in the UK. They argued that auditors in the UK should do more in order to possibly exonerate themselves from the blame and punishment that is associated with listed companies' financial statements misstatements in the UK.

Doubtful who is currently working as senior audit partner in one of the big four audit firm in the UK opined as follows:

> *"auditors in the UK cannot be 100% exonerated from the misstatement of financial statements in the UK. The UK government has acknowledged this; hence legislation has changed in relation to company Act has of 2000 and 2006 to possibly lessen the burden of auditors' liability in the UK.*

However, it is unfair based on the current practice in the UK that auditors are wholly and exclusively held accountable for the misstatement of financial statements in the UK".

Doubtful argued that it is unreasonable to single out auditors in the UK and hold them accountable for the defectiveness of financial statements while other parties like company directors, company's audit committee and company's chief accountants who oversees internal control mechanism efficacy are not punished.

In the same vein, the argument of Great who currently work for one of the top 5 audit firm in the UK corroborates the point Doubtful. Thus, Great opined that

> *"because the UK government has refused to punish fairly all the parties that are arguably responsible for the defectiveness of financial statements in the UK, this action can be construed to mean unfair treatment of auditors in the UK"*.

Great further argued and referred to the current practice in the US following the Enron scandal between 2000 and 2002. According to Great, both finance directors and chief executive officers of listed companies in the US risk jail terms if they purportedly window-dress financial statements, or they were fully aware that financial statements do not represent the true and fair view of the companies' affairs and conceal the information that they have acknowledged. In the UK, reverse is the case as auditors in the UK are single-handedly held accountable and punished for the defectiveness of financial statements. Thus, this current practice in the UK further reveal the extent that auditors in the UK are unfairly treated in relation to auditors' liability according to Great.

In the same vein, Professionalism who currently work as senior auditor in one of the top 6 audit firm in the UK noted as follows:

> *"it is shameful to see that auditors in the UK are overtly unfairly treated by the UK government in relation to financial statements defectiveness. For example, the UK government has blatantly refused to ask simple questions and tackle financial statements failure from the main source of the problems".*

Based on the opinion of Professionalism, auditors in the UK will not relax their professional scepticism attitude if their liability is capped. However, the UK government is fully aware that the defectiveness of financial statements in the UK is not an accident or mistakes, rather a deceitful and unprofessional act. One could expect the UK government to ask why financial statements are becoming defective in the UK in the first place and what must be done to tackle the problem. For example, directors are responsible for the preparation and presentation of financial statements. It is the duty of auditors on the other hand to assess whether the financial statements are duly prepared in consonance with necessary financial reporting requirements in the UK. Whenever audit risk become crystalized, it is only the auditors in the UK that are punished. This is the unfair treatment from auditors in the UK perspective that the government has refused to consider.

The finding within the preceding page agreed with some existing studies. For example, ACCA, (2013) noted that the unfair terms of contract as encapsulated in 1977 Act is still in vogue till date in the UK. For example, the Act prevented auditors from negotiating their liability limitation with their audit clients. It could be argued that other forms of liabilities limitations are available in the UK. For example, Liability Limitation Agreement (LLA). Thus, auditors in the UK can reached an agreement with their audit clients, subject to the approval of shareholders in the Annual General Meeting (AGM). On the other hand, this is far from what the audit profession expected in the form of capping. Finley, (2015) argued that the practicable existence of “Joint and several liabilities in the UK is an evidence of auditors’ unfair treatment. It could be argued also that joint and several liabilities law has been abolished in the UK. Therefore, auditors in the UK are fairly treated.

Zubli, (2007); and Europa.eu, (2012) argued that the current debate on the best strategy to limit auditors' liabilities in the UK is a revelation of the unfair treatment the profession has faced for decades. In the same vein, EC, (2008) recommended a cap as one of the strategies of managing auditors' liabilities in Europe. By inference, the recommendation suggests that auditors are not fairly treated, hence the need to adopt a change in the form of capping was recommended.

The study carried out by Action, (2013) find out that some Judges' pronouncements regarding auditors' liabilities cases were incongruous or inconsistent. This further suggests unfair treatment from auditors' perspective by simple interpretation.

Humphrey, and Samsonova, (2010). Lamented that

> *"the subject of auditor liability and the need for its limitation has been associated with a diversity of often conflicting, attitudes, and views expressed by the regulatory community, users of audit reports, and the audit profession".*

This further suggests that the need to limit auditors' liability is overdue and unquestionable. If this is the case, this could be interpreted that auditors in the UK are not fairly treated when it comes to civil liability. Therefore, the need to limit the profession's liability becomes significant.

Although the reviewed literature regarding this section being the theme that emerged from interview appears unquestionable, the empirical finding within the embers of unfairness as a theme in relation to auditors in the UK treatment also corroborate findings from literature as evidenced within this section. To possibly avoid paralysis by analysis owing to the dynamism of this section, the next theme that has bearing with auditors' insurance premium in the UK will be considered.

5.6 INSURANCE PREMIUM

During the interview phase, the theme (insurance premium) became a derivative. For example, participants were asked whether capping strategy can help to demonopolize the current UK audit market. In response 82% of the interviewee said that although capping strategy can stimulate a healthy competition in the UK audit market, they however argued that the increase in insurance premium in current terms in the UK could negate the expected efficacy of capping strategy. In the same vein, 18% of the participants opined that if the issue of unhealthy competition in the UK audit market must be addressed, that the starting point will be the capping of insurance premium in the UK.

While answering this question of capping strategy impact on the UK audit market, participants discussed another advantage of capping in relation to audit premium.

Fantastic, who is currently working as senior auditor in one of the medium sized audit firm in the UK with 10 years of working experience as auditor opined as follows:

> *“in addition to demonopolizing the current audit market in the UK, professional indemnity insurance which is paid by auditors in the will become cheaper”.*

Fantastic further explained that insurance companies are concerned with high cost of claims against auditors in the UK. As result, professional indemnity insurance premium paid by auditors in the UK has increased over the years.

Based on the studies carried out by Philipsen, (2014), professional indemnity insurance cover is increasingly becoming expensive for auditors. This is due to the unwillingness of the insurance companies to provide a cover for the large accountancy firms. Moizer attributed this unwillingness attitude from insurance companies' perspective to the relative frequency of occurrence of major pay-outs for auditor liability. Studies carried out by Financial Conduct Authority, (2016) tends to have a positive correlation with the above claim. For example, this study finds out that it is only about 30 insurance companies that are active in the market in relative to accepting insurance cover from large accountancy firm.

Furthermore, the study carried out by Oxera, (2006) find out that as follows:

> *"view expressed by some interviewees is that the capital markets are currently vulnerable, given the concern that, at some juncture, one of the Big Four may exit the market".*

A similar study carried out by London Economics,(2006) find out that the

> "*specific circumstances of each of the Big-4 networks vary. Thus, the only lead reinsurer with an established audit liability re-insurance program, the commercial re-insurance cover available is less than 5% of some of the mega-claims currently outstanding against some of the Big-4 firms. In other words, the commercial re-insurance cover available to the captives of the Big-4 networks is very limited and has fallen in recent years".*

Clyde, (2013) noted that tax and financial planning claims against auditors has changed the traditional dynamics of audit and due diligence in the recent years. ICAEW, (2008) cautioned that auditors in the UK are gradually finding it impossible to secure indemnity insurance. They cautioned that everyone in the UK society will directly or indirectly pay for this strange attitude. For example, audit fees could increase, some companies could find it impossible to secure the services of large audit firm, the audit market in the UK could become more concentrated or an extinction of a large accounting firm in the market.

ICAEW, (2016) reminded its member that irrespective of the professional scepticisms they maintain as auditors, that risk cannot be eliminated, but can only be managed. One of the methods it recommended to its members was to secure indemnity insurance which is currently difficult to secure by the large accounting firms according to the above studies.

Hammond, (2012) noted that ICAEW recommend to its members to have a minimum insurance cover of £100,000 and maximum of £1.5 million. The question that comes to mind is what will happen if the medium sized audit firms are unable to meet this recommendation? The answer to this question is simple. Thus, this could mark the beginning of exodus, some audit firms leaving the UK audit market. Another implication this could have on the audit market could be over concentration or uncompetitive audit market. Hammond noted that the recommendation of ICAEW is not adequate. Hammond cautioned that firms are required to take reasonable steps that they are able to meet claims arising from professional business and this may lead many firms to conclude that they need more protection indemnity insurance, Personally, identifiable information (PII) than the amount required under the PII Regulations.

The synopsis of this section based on the available literature and the empirical findings as evidenced within this section is that capping strategy can encourage insurance companies to protect more audit firms in the UK as the value of legal claims against auditors in the UK will become known in advance, thereby eliminating uncertainty in terms of claims. Furthermore, the inability of the medium sized audit firms or one of the big four to secure professional indemnity insurance resulting from exorbitant premium could further reduce the number of participants in the audit market in the UK. The implication of this could lead to a further oligopoly in the audit market in the UK and a gradual decrease of audit profession in the UK.

5.7 CHAPTER SUMMARY

In summary, this chapter presents empirical findings based on the semi-structure interview that was conducted in the UK. However, quotations were taking from available literature in order to possibly enhanced unbiased analysis and discussion within the chapter. Participants profiles were also presented in order to enhance readers' understanding about the background of each participants and their unique character as they participate in the study. Themes were analysed and discussed as they emerged during data condensation.

Empirical findings in conjunction with some literature within this chapter revealed that auditors' liability capping can prosper financial statements integrity in the UK. It also revealed that auditor professional liability capping could provoke a positive impact on the UK audit market. Thus, young talents could be encouraged to venture into audit profession. This could in turn create healthy competition in the audit market and possibly cause a reduction in the audit fees.

Findings from this chapter equally stressed that non capping strategy in the UK could provoke some large accounting firms including the big four to relocate their head offices to other tax-haven countries. This could have adverse effect on the UK GDP. Moreover, the advantages of capping as mentioned within this chapter could become a mirage.

Finally, the conclusion reached within the context of this chapter in relation to the study questions is that capping can possibly bring about the realisation of financial statements objective, which is to show the true and fair view of company's affairs. It can also create audit fees cost effectiveness and efficiency thereby promoting a healthy competition in the UK audit market that is currently dominated by the big four.

Having analysed and discussed empirical data that emanated from interview that was conducted in the UK as evidenced in this chapter, the next chapter will present analysis and discussion based on findings from survey that was conducted in the UK within the study.

Chapter Six: ANALYSIS AND DISCUSSION OF SURVEY FINDINGS

6.0 INTRODUCTION

This chapter reveals findings from the survey as described in research methods chapter within this study. Thus, empirical data were collected through the administration of online questionnaires. These data were analysed using descriptive statistics in relation to the research questions.

The data collected focused on four groups of stakeholders in the UK: Chartered Accountants, Senior management, Institutional investors, and Individual investors.

Regarding the chapter structure, this chapter constitutes four sections. Thus, section one analyses and discuss respondents' information and presents a summary of grouped variables from survey. Section two analyses and discuss exhaustively survey findings. Section three links findings from interviews to survey findings that was conducted in the UK within the lens of the study questions. Finally, section four contains a summary of the chapter.

The chapter analysis and discussion are structured in line with tables and figures presentation. Regarding the administered questionnaire, sample of it can be found in appendix .

6.1 RESPONSE RATE

The sample was in the categories of senior and junior staff in terms of their employment status in the UK as a representative of the entire UK qualified Accountants' population that was 23,013 as at October 2020 (Register of Auditors, 2020).

The administered questionnaire sample was 2000. However, it was only an average of 544 questionnaires that were collectively retrieved, resulting from respondents not accounting for the remaining 1,456.

The 544 questionnaires that were returned constitute 27% of the initial sample of 2000, while the unreturned questionnaires constituted 72.8% of the same sample size as demonstrated in table 6.1 below**.**

Table 6.1: Response rate

No. of questionnaire administered	No. of questionnaire returned	No. of questionnaire not returned	Percentage (%) of returned questionnaire	Percentage (%) of questionnaire not returned	Total %
2000	544	1456	27%	72.8%	100

Source: field work compiled from questionnaire 2019

6.2 DEMOGRAPHY BY AGE

Figure 6.1 below revealed the age group of the sampled population. The age group of 36-45, had the highest number of responses at 386, representing 71% of the sample size. The age group of 66 and above had the lowest responses at 2, representing 0.4% of the sample size. The young age group between18-35 had 46 responses (2+44). This represents 8.5% (0.4%+8.1%).

The percentage of young age group as revealed in figure 6.1 below suggests that if young talents are discouraged from venturing into audit profession resulting from arguably legal liabilities as stressed in the literature, the active age group of 36-55 which represents 88.5% (71%+17.5%) will be saddled with additional responsibilities. This could possibly increase pressure on the part of auditors in the UK. In return, this pressure could metamorphosized into mistakes. The end products of the expected mistakes could result into audit failure from the part of auditors which could in turn increase the rate of auditors' legal liabilities in the future.

Finally, the factors as highlighted above could possibly invalidate the need for auditors' liability capping in the UK if this aged-long debate lingers without a lasting panacea.

The age group result as depict in figure 6.1 below was derived from question number two from the administered questionnaire. For example, respondents were asked to click one of the following to indicate their age group

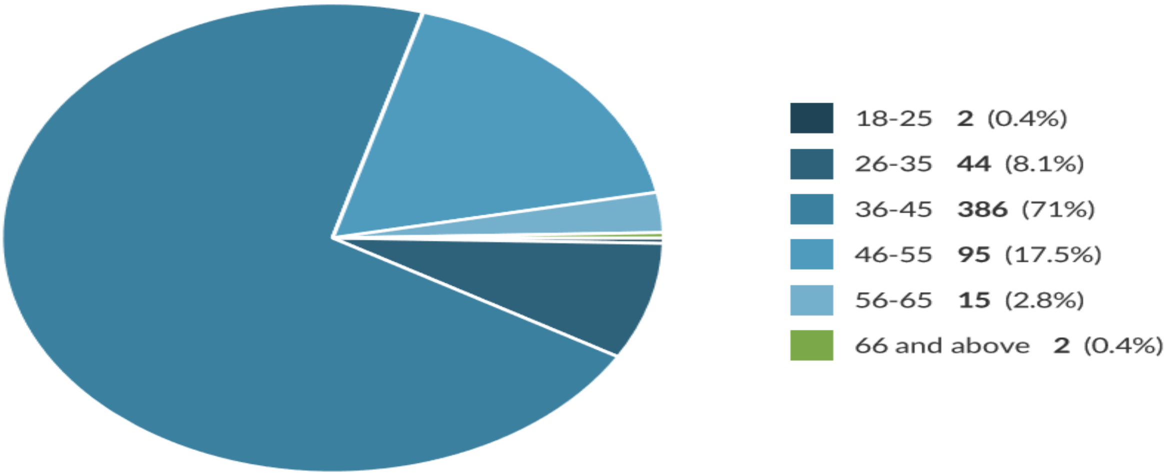

FIGURE 6. 1 DISTRIBUTION OF RESPONDENTS BY AGE

Source: field work compiled from questionnaire 2019.

6.3 DEMOGRAPHY BY SEX

Figure 6.2 below depict the sex group of respondents regarding their gender (male or female). As revealed below, male staff had total respondents of approximately 342, representing 63.1% of the sampled population. In the same veil, female staff had total respondents of approximately 200, representing 36.9% of the sampled population.

As evident from figure 6.2 below, male staff dominant the sampled population with approximately a spread of 142 respondents, representing approximately 26.10%.

Though this study is not concerned with why this is the case, a further study within the research community can take a dynamic step in investigating this uneven spread within the stakeholders' group that was sampled.

It must be however stressed that the high degree of variance found in terms of demography by sex is not expected to impact on the survey findings as the study is not concerned with gender issues.

The respondents' demographic information as evident from figure 6.2 below was derived from survey question number one which asked respondents to click one of the following to indicate their gender.

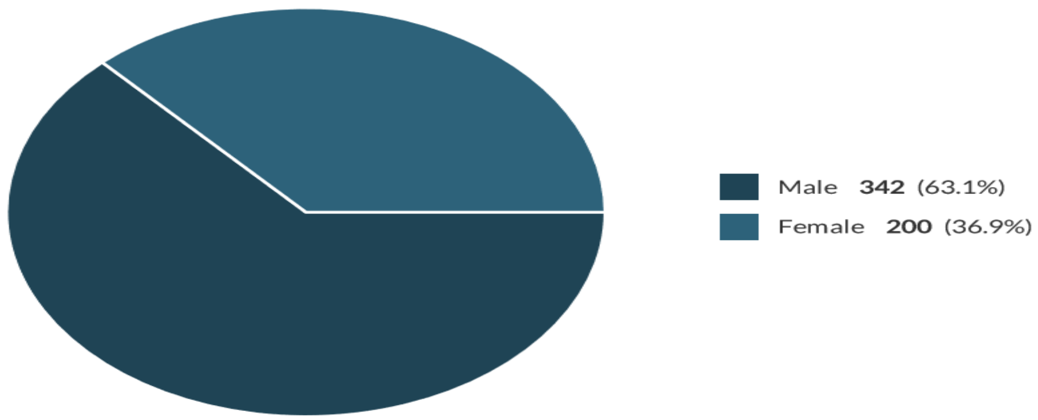

FIGURE 6. 2 DISTRIBUTION OF RESPONDENTS BY SEX

Source: field work compiled from questionnaire 2019

6.4 RESPONDENTS STATUS

From figure 6.3 below, the total responses from senior staff within the context of the administered questionnaires were approximately 503. This represents 93.3 % of the legitimate sample size. On the other hand, the responses from junior staff were approximately 36, and this represents 6.7% of the sampled population. Thus, the spread between the two groups of respondents in terms of responses were approximately 467. This represents about 85.85% of the sampled population.

In order to possibly avoid a drift, the researcher decided not to make a further analysis on cadre level as this is expected not to have any impact on the quality of responses received from them.

The respondents' status information as evident from the figure 6.3 below was derived from survey question number three which asked respondents to click one of the following to indicate their status.

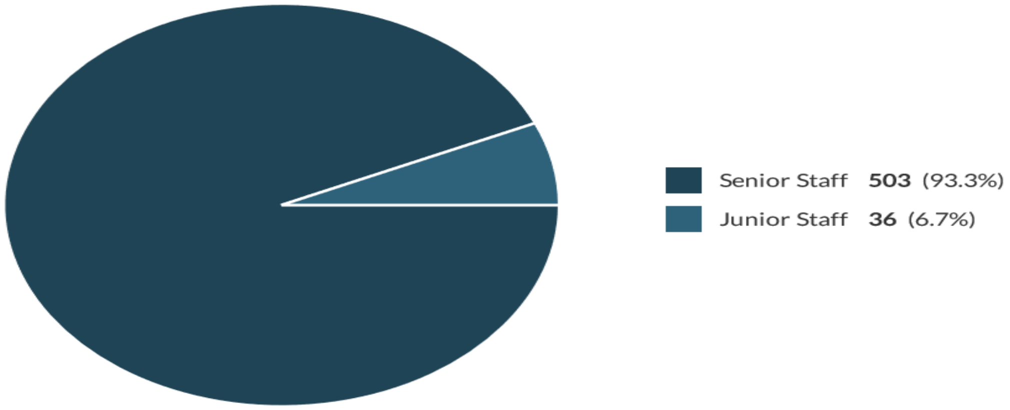

FIGURE 6. 3 RESPONDENTS STATUS

Source: field work compiled from questionnaire 2019

6.5 RESPONDENTS EDUCATIONAL QUALIFICATION

As depict in Figure 6.4 below, the number of respondents that had first degree qualification was the highest at approximately 520, representing approximately 96.3% of the sampled population. The number of respondents that had GCSE qualification were the lowest at approximately 2, representing approximately 0.4% of the sampled population.

From the above information about respondent's qualification, it can be inferred that the respondents are expected to be knowledgeable within the context of the research questions based on their level of education, thereby enhancing the quality of plausible recommendation and conclusion within the study.

However, critics could question the reasonableness of the above assumed knowledge from respondents in respect of their subject area. For example, critics could ask what the respondents studied in their first degree? Do they have second degree or professional qualifications in the field of accounting? If the answer to these questions are yes, what was the level of their experience? The next two figures within this section have provided answers to these questions regarding respondents' educational qualification and their subject area of expertise thereby reaffirming the assumed knowledge as claimed from the respondents.

The respondents' educational information as evidenced from figure 6.4 below was derived from survey question number four which asked respondents to click one of the following to indicate their educational qualification status.

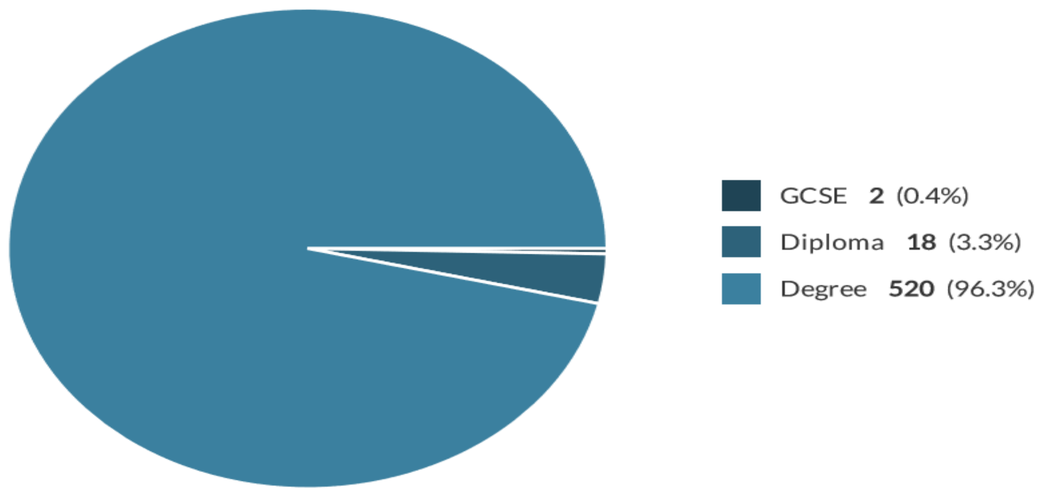

FIGURE 6. 4 RESPONDENTS EDUCATIONAL QUALIFICATION

Source: field work compiled from questionnaire 2019

6.6 RESPONDENTS PROFESSIONAL QUALIFICATION

As evidenced in figure 6.5 below, the number of respondents who are not professionally qualified were 302. This represents 55.6% of the legitimate sampled population. On the other hand, the number of respondents that had professional qualification were 241. This represents approximately 44.4% of the legitimate sampled population. The spread between the respondents that had professional qualification and those who do not have was 61. This represents approximately 11.2% of the legitimate population that was sampled.

From the above description regarding respondents' qualifications, it can be argued subjectively that the variance between the respondents that had professional qualification and those who do not have are not significant at 11.2%. It can also be construed that other stakeholders' group like top management, institutional and individual investors are expected to be knowledgeable about the research topic as it affects them in practical terms. If this assumed knowledge is accepted by critics in absolute terms, the question of knowledge as asked in the previous section will be deemed answered.

The respondents' professional qualification information as evidenced from figure 6.5 below was derived from survey question number five which asked respondents to click one of the following to indicate their professional qualification status.

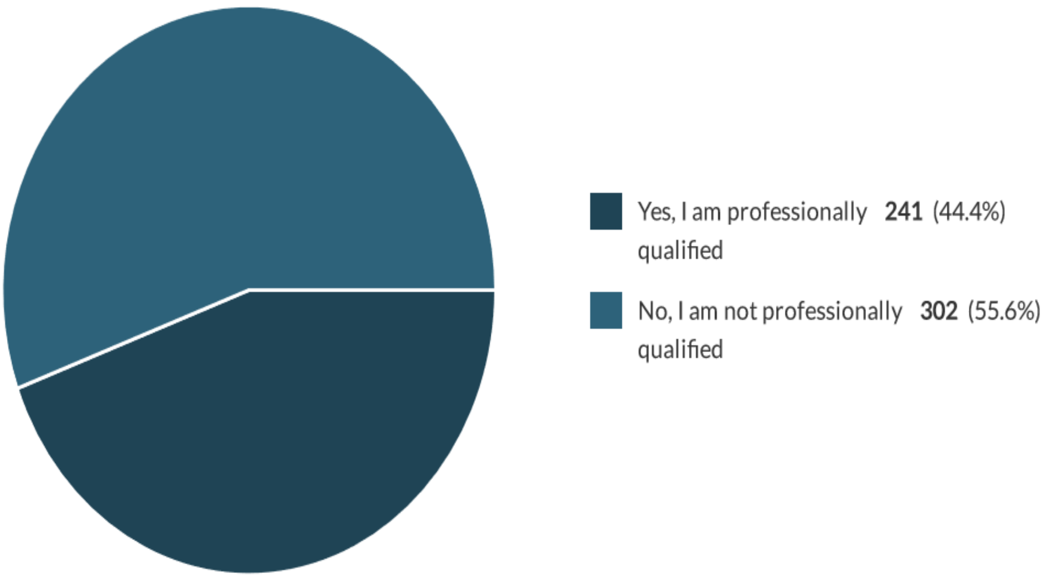

FIGURE 6. 5 PROFESSIONAL QUALIFICATION

Source: field work compiled from questionnaire 2019

6.7 RESPONDENTS PROFESSIONAL SERVICE

As evidenced in figure 6.6 below, on aggregate, the total number that rendered professional service were 316. This represents approximately 58.1% of the legitimate sampled population. This percentage is unarguably significant. For example, the number represents more than half of the entire legitimate population that was sampled. A careful observation from figure 6.6 below also revealed that while the aggregated number that rendered professional service were 316, the number of statutory auditors in the UK within those number were 52. This produced a spread of 264 which further represents 83.5% in statistical terms. In the same vein, the total of auditors in the UK within the survey which was 52 only represents approximately 16.5% out of the total number that rendered professional service in the UK. By implication, responses from statutory auditors in the UK within the survey are not enough to bialy influence the finding from the survey as the opinion of divert stakeholders within the group were explored.

If the above interpretation is construed to be acceptable by readers of this study, this could further add to the voices of those who are yearning for auditor's professional liability capping in the UK.

The statistical information as evidenced in figure 6.6 below was derived from question number six within the questionnaire which asked respondents to please click one of the following to indicate their current professional service.

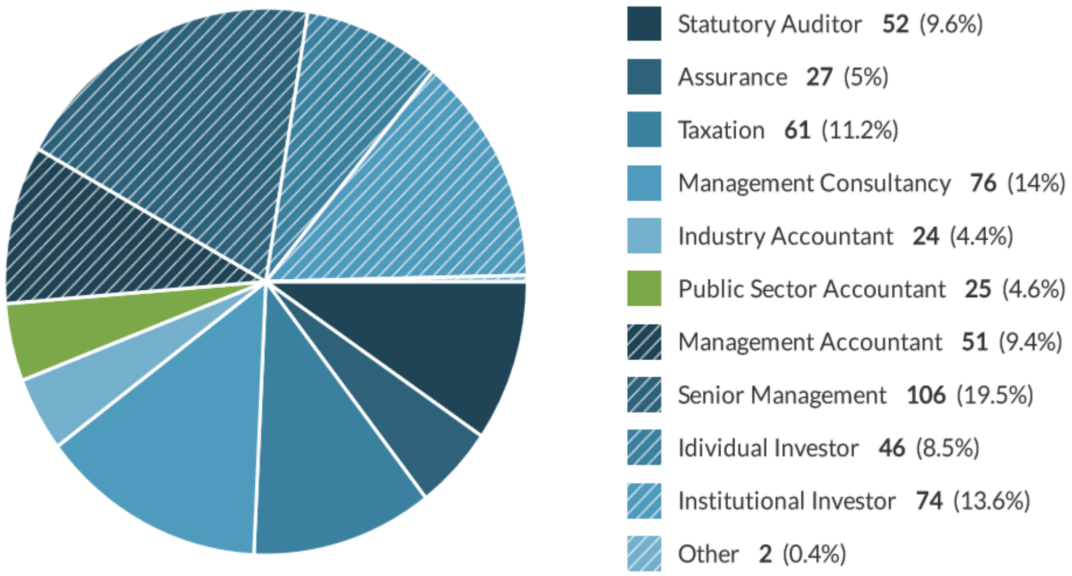

FIGURE 6. 6 PROFESSIONAL SERVICE

Source: field work compiled from questionnaire 2019

Table 6.2: Decription of Categories

Categories

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	NON-QUALIFIED ACCOUNTANTS	303	55.7	55.7	55.7
	QUALIFIED ACCOUNTANT	241	44.3	44.3	100.0
	Total	544	100.0	100.0	

Source: field work compiled from questionnaire 2019

As evident in table 6.2, respondents were of two categories, namely non-qualified and qualified accountants. The non-qualified accountant had a total population of 303 and this represents 55.7% of the population sampled. On the other hand, the qualified accountants had a total population of 241 and this represents 44.3% of the population sampled. A comparison of these two categories in terms of population found a spread of 62 and this represents 11.40% of the total population sampled. By implication, the non-qualified accountants dominate the survey that was conducted in the UK within the study. Therefore, it can be construed that because of the significant difference in spread in terms of population between the two categories, it could be practically difficult for the qualified accountants to influence the results of the survey because the study affects them in practical terms.

6.8 DECRIPTION OF GROUPED VARIABLES

Table 6.3 below is a summary of all the responses obtained from administered questionnaires. Thus, it reveals the extent at which each respondent strongly agree/agree (SA/A), or strongly disagree/disagree (SD/D) within the context of the questionnaires administered. These are expressed in figures and in percentages (%) as evident in the table below.

Table 6.3: Grouped Variables From Survey

Question no	**VARIABLES**				**PERCENTAGE (%)**			
	SA/A	**SD/D**	**NEUTRAL**	**TOTAL**	**SA/A**	**SD/D**	**NEUTARAL**	**TOTAL**
7	16	515	10	541	2.9%	95.2%	1.8%	100%
8	540	1	0	541	99.8%	0.2%	0%	100%
9	539	3	2	544	90%	0.6%	0.4%	100%
10	541	3	0	544	99.4%	0.6%	0%	100%
11	235	300	9	544	43.2%	55.1%	1.7%	100%

12	238	300	6	544	43.8%	55.1%	1.1%	100%
13	243	1	300	544	44.7%	55.1%	0.2%	100%
14	541	2	1	544	99.4%	0.4%	0.2%	100%
15	538	1	2	541	99.4%	0.2%	0.4%	100%
16	541	1	2	544	99.4%	0.2%	0.4%	100%
17	540	1	3	544	99.2%	0.2%	0.6%	100%
18	528	9	5	544	97.4%	1,7%	0.9%	100%
19	70	461	10	541	12.9%	85.2%	1.8%	100%
20	540	2	2	542	99.6%	0%	0.4%	100%
21	540	2	1	543	99.4%	3.13.2	0.4%	100%
22	538	1	3	542	99.2%	0.2%	0.6%	100%
23	541	1	0	542	99.8%	0.2%	0%	100%

24	539	0	4	543	99.3%	0%	0.7%	100 %
25	54o	1	1	542	99.6%	1%	1%	100 %
26	539	1	1	541	99.6%	0.2%	0.2%	100 %
27	539	1	2	542	99.4%	0.2%	0.4%	100 %
28	542	1	0	543	99.8%	0,2%	0%	100 %
29	239	294	11	544	43.9%	54%	2.0%	100 %
30	239	297	4	540	44.3%	55%	0.7%	100 %
31	240	302	1	543	44.2%	55.6 %	0.2%	100 %
32	539	0	1	540	99.8%	0%	0.2%	100 %
33	542	0	0	542	100%	0%	0%	100 %

Source: field work compiled from questionnaire 2019

6.2.0 PROFESSIONAL SCEPTICISM ATTITUDE

The statistical information as evidenced in table 6.4. below was derived from question number seven within the questionnaire which asked respondents to what extent they agree or disagree with the believe that statutory auditors in the UK will relax their professional scepticism attitude if their professional liability is capped. It must be mentioned clearly here that this very question formed the bedrock of this study being one of the research questions.

As a response to this very specific question, 193 strongly disagree, while 99 respondents disagree to this statement among the non-qualified accountants in the UK. A combination of these two figures give a total of 292 that strongly disagree/disagree with the above statement. This figure represents 96.7% as evidenced in table 6.4 below in relation to the population of non-qualified accountants at 302 within question number seven.

On the other hand, while 144 respondents strongly disagree among the qualified accountants in the UK, 82 respondents disagree among the qualified accountants in the UK. The combination of those who strongly disagree/disagree among the qualified accountants in the were 226 and this represents 94.6% in relation to the valid population of qualified accountants in the UK as evidenced in table 6.4 below.

Table.6.4: Respondents' frequency on question number seven

Q7

Categories			Frequency	Percent	Valid Percent	Cumulative Percent
NON-QUALIFIED ACCOUNTANTS	Valid	Strongly Disagree	193	63.7	63.9	63.9
		Disagree	99	32.7	32.8	96.7
		Neutral	5	1.7	1.7	98.3
		AGREE	3	1.0	1.0	99.3
		Strongly AGREE	2	.7	.7	100.0
		Total	302	99.7	100.0	
	Missing	System	1	.3		
	Total		303	100.0	100.0	

QUALIFIED ACCOUNTANT	Valid	Strongly Disagree	144	59.8	60.3	60.3
		Disagree	82	34.0	34.3	94.6
		Neutral	3	1.2	1.3	95.8
		AGREE	10	4.1	4.2	100.0
		Total	239	99.2	100.0	
	Missing	System	2	.8		
	Total		241	100.0		

A comparison of the respondents' rate who strongly disagree/disagree among the non-qualified accountants in the UK within question number seven produced a mean of 1.41 and standard deviation of 0.64. In the same vein, a similar result was found among the qualified Accountants in the UK. For example, while a mean of 1.49 was found, standard deviation of 0.72 was calculated as evidenced in table 6.5 below **Table**

Table 6.5: Descriptive Statistics.

Statistics

Categories			Q7	Q8	Q9	Q10	Q11	Q12	Q13
NON-QUALIFIED ACCOUNTANTS	N	Valid	302	302	303	303	303	303	303
		Missing	1	1	0	0	0	0	0
	Mean		1.4172	4.6656	4.7228	4.6601	1.3366	4.6805	1.3168
	Std. Deviation		.64553	.49322	.45570	.47447	.52001	.61373	.53235
QUALIFIED ACCOUNTANT	N	Valid	239	239	241	241	241	241	241
		Missing	2	2	0	0	0	0	0
	Mean		1.4937	4.7406	4.6639	4.4979	4.7220	1.3168	4.5187
	Std. Deviation		.72686	.43923	.48208	.57100	.56411	.53853	.5

Categories			Q14	Q15	Q16	Q17	Q18	Q19	Q20
NON-QUALIFIED ACCOUNTANTS	N	Valid	303	302	303	302	303	302	303
		Missing	0	1	0	1	0	1	0
	Mean		4.6634	4.6755	4.5248	4.6291	4.4026	1.9702	4.6469

	Std. Deviation		.47334	.46897	.89065	.49066	.54856	1.23182	.48560
	N	Valid	241	239	241	241	239	239	236
		Missing	0	2	0	0	2	2	5
QUALIFIED ACCOUNTANT	Mean		4.6639	4.5690	4.7261	4.6515	4.3598	2.0628	4.5890
	Std. Deviation		.53141	.53692	.48272	.49465	.51472	1.05332	.50162

Statistics

Categories			Q21	Q22	Q23	Q24	Q25	Q26	Q27
NON-QUALIFIED ACCOUNTANTS	N	Valid	302	302	302	303	302	302	302
		Missing	1	1	1	0	1	1	1
	Mean		4.6788	4.7252	4.6424	4.7525	4.7152	4.6391	4.7384
	Std. Deviation		.47476	.45454	.48009	.43988	.45934	.48107	.44771
QUALIFIED ACCOUNTANT	N	Valid	240	240	240	240	240	240	240
		Missing	1	1	1	1	1	1	1
	Mean		4.7292	4.7208	4.5583	4.7375	4.7625	4.5625	4.6958
	Std. Deviation		.49852	.49388	.52224	.46852	.45492	.52971	.49599

Statistics

Categories			Q28	Q29	Q30	Q31	Q32	Q33
NON-QUALIFIED ACCOUNTANTS	N	Valid	303	303	301	303	302	303
		Missing	0	0	0	0	1	0
	Mean		4.5743	1.3168	1.2574	1.3250	4.6159	4.6601
	Std. Deviation		.66631	.53235	.49474	.5028	.66583	.65100
QUALIFIED ACCOUNTANT	N	Valid	240	241	241	240	240	238
		Missing	1	0	0	1	1	3
	Mean		4.5125	4.7344	4.7261	4.3685	4.7417	4.7689
	Std. Deviation		.52535	.47873	.53977	.52681	.43863	.42242

Table 6.6: Test Statistics.

Test Statistics

Question number	Q7	Q8	Q9	Q10	Q11	Q12	Q13
Mann-Whitney U	34528.500	33589.500	34391.500	31346.000	290.000	549.500	216.000
Exact Sig. (2-tailed)	.308	.082	.151	.077	.000	.000	.000
Question number	Q14	Q15	Q16	Q17	Q18	Q19	Q20
Mann-Whitney U	35887.500	32704.000	34525.500	35467.500	34456.500	31540.000	33713.000
Exact Sig. (2-tailed)	.675	.024	.165	.551	.266	.168	.183
Question number	Q21	Q22	Q23	Q24	Q25	Q26	Q27
Mann-Whitney U	33997.500	36005.000	33442.000	36069.000	34360.500	33809.000	34986.500
Exact Sig. (2-tailed)	.123	.861	.070	.843	.187	.113	.360
Question number	Q28	Q29	Q30	Q31	Q32	Q33	
Mann-Whitney U	32538.000	53.000	286.500	110.500	33861.000	34237.500	
Exact Sig. (2-tailed)	.451	.000	.000	.000	.095	.181	

Critics could question the reasonableness of table 6.4, 6.5 and 6.6 despite their compelling statistical information that they have provided. Thus, critics could question the differences or similarities that was found within the standard deviations between non-qualified and qualified Accountants in the UK in terms of their responses as evidenced in table 6.4, 6.5 and 6.6. The answers to this vital but expected question is found in table 6.6 below. For example, within table 6.6, Mann Whitney U test of 0.31 was calculated with reference to Q7. This indicates that there is no significant difference in terms of opinion within the numbers of qualified Accountants and non-qualified Accountants in their responses on Q7. This further implied that almost all the qualified and non-qualified Accountants opted for *disagree* and *strongly disagree* within the ambit of Q7. This also implies that the fear that auditors in the UK will relax their professional scepticism attitude if their professional liability is capped has been rejected unanimously by the qualified and non-qualified Accountants in the UK.

Table 6.7: Summary of respondents' rates

Qualified Accountants' Response (44.3%)						Non-Qualified Accountants' Response (55.7%)					QAR Mean	QAR Std	NQAR Mean	NQAR Std	Mann Whitney
Q.N	SA	A	N	D	SD	SA	A	N	D	SD					
1															
2															
3															
4															
5															
6															
7	10	0	3	82	144	2	3	5	99	193	1.49	.727	1.42	.646	.308
8	177	62	0	0	0	203	98	0	1	0	4.74	.439	4.47	.493	.082
9	181	79	1	0	0	220	82	1	0	0	4.66	.482	4.72	.456	.151
10	126	112	0	3	0	200	103	0	0	0	4.50	.571	4.66	.474	.077
11	184	50	5	1	0	0	1	4	91	207	4.72	.564	1.34	.520	.000
12	175	61	1	2	2	0	2	5	80	216	4.68	.614	1.32	.539	.000
13	127	113	0	1	0	0	3	1	85	214	4.51	.525	1.31	532	.000
14	165	73	1	2	0	201	102	0	0	0	4.66	.531	4.66	.473	.675
15	140	96	2	1	0	204	98	0	0	0	4.57	.537	4.68	.469	.024
16	178	61	1	1	0	214	61	1	27	0	4.73	.483	4.52	.891	.165
17	159	80	2	0	0	191	110	1	0	0	4.65	.495	4.63	.491	.551
18	90	145	4	0	0	129	169	3	2	0	4.36	.515	4.40	.549	.266
19	18	9	5	145	62	32	9	5	128	128	2.06	1.05	1.97	.1.23	.168
20	140	95	1	0	0	197	105	1	0	0	4.59	.501	4.65	.486	.183
21	179	59	0	2	0	206	95	1	0	0	4.73	.499	4.68	.475	.123
22	177	60	2	1	0	220	81	1	0	0	4.72	.494	4.73	.455	.861
23	136	103	0	1	0	194	108	0	0	0	4.56	.522	4.64	.480	.070
24	180	57	3	0	0	229	73	1	0	0	4.74	.469	4.75	.440	.843
25	185	54	0	1	0	217	84	1	0	0	4.76	.455	4.72	.459	.187
26	130	100	1	1	0	193	109	0	0	0	4.56	.530	4.64	.481	.113
27	170	68	1	1	0	224	77	1	0	0	4.70	.946	4.74	.448	.360

28	125	114	0	1	0	194	99	0	10	0	4.51	.525	4.57	.668	.451
29	180	59	1	1	0	0	0	10	76	217	4.73	.478	1.31	.532	.000
30	182	55	2	0	0	0	2	2	69	228	4.73	.540	1.26	.495	.000
31	129	111	0	1	0	0	1	1	106	195	4.53	.52	1.30	.502	.000
32	178	62	0	0	0	207	84	1	10	0	4.74	.439	4.62	.666	.095
33	183	55	0	0	0	220	73	0	10	0	4.77	.422	4.66	.651	.181

Note: The 5-point Likert scale Strongly Agree =5, Agree = 4, Neutral =3, Disagree =2 and Strongly Disagree =1

When the specific finding with reference to Q7 is compared to the finding from semi-structured interview that was conducted in the UK within this study, thus, whether auditors in the UK will maintain a professional scepticism attitude if their professional liability is capped, a positive correlation was found. For example, most of the responses from participants regarding Q7 revealed that auditors in the UK will maintain a professional scepticism attitude if their professional liability is capped. Specifically, 90% of the participants voiced this opinion during the interview process. However, 4% opined that auditors in the UK would relax their professional attitude, while 6% declined to the question on whether auditors in the UK will relax their professional scepticism attitude if their liability is capped.

In the same veil, the above findings are in consonance with the arguments Yu, et al., (2013). They argued that despite the claim that the big four dominants the audit market, the quality of audit report has improved over the decade in the UK. This simply implies that if audit quality has improved over the years in the UK despite the claim of audit market monopolisation by the big four audit firms, auditor’s professional liability capping could prosper financial statements integrity in the UK hence auditors’ liability capping could stimulate a healthy competition in the UK audit market.

A systematic triangulation as evidenced above has influenced a positive interpretation. Thus, empirical findings suggest that auditors in the UK will maintain a professional scepticism attitude if their professional liability is capped hence, they corroborate each other. Therefore, within the context of this study with reference to the empirical and theoretical findings in this study, the interpretation is that auditors in the UK will not relax their professional scepticism attitude if their professional liability is capped.

6.2. FEAR OF LOSING PRACTICING LICENSE

The empirical findings as evidenced in table 6.7 below was imbedded in question number eight within the questionnaire. Thus, respondents were asked about their level of agreement/disagreement within the assertion that the fear of losing practicing certificate could motivate statutory auditors in the UK to maintain their professional attitude if their liability is capped? This was a probing question in relation to Q7 as previously analysed above. The essence was to gauge the understanding the respondents have in relation to question number eight, thereby ex-raying their responses in question number nine with the lens of consistency.

Within this probing question, the respondents' rate that strongly agree/agree on aggregate was 540 and this represent 99.8% of the legitimate population on aggregate. On the other hand, those who strongly disagree/ disagree was 1 and this represent 0.2% of the legitimate sampled population as evidenced in table 6.7 below. Consequently, a variance of 539 was found between those who strongly agree/agree and those who strongly disagree/disagree. This represents 99.1% of the legitimate population.

In the same vein, the total number of respondents that strongly agree/agree among the non-qualified Accountants in the UK was 301 and this represents 55.74% of the valid sampled population. On the other hand, the total number of qualified Accountants in the UK that strongly agree/agree to the above assertion was 239 and this represents 44.26% of the valid sampled population.

When the above finding within question number eight is compared as evidenced in table 6.6 above, the non-qualified Accountants had a calculated mean value of 4.66 and a standard deviation of 0.49. In the same table, the qualified Accountants in the UK responses was calculated with a mean value of 4.74 and a standard deviation of 0.43. When these descriptive statistics were further analysed in table 6.6 within Man Whitney column, it produced 0.08. By interpretation, Mann Whitney U test calculated at 0.08 indicate that there is no significant difference in the numbers of qualified Accountants and non-qualified Accountants in their responses within Q8. This means that most of the qualified and non-qualified Accountants opted for s*trongly* agree and agree within Q8. This further implies that the fear of losing practicing certificate within Q8 has been accepted by both qualified and non-qualified Accountants in the UK without much difference in terms of opinion.

This specific finding fairly suggest that the respondents understand the question very well. Thus, a positive correlation was found between finding from question seven and eight as evidenced in table 6.6 above.

A similar finding was made from the semi-structure interview that was conducted in the UK regarding the same question. Specifically, according to Professor who is currently working as senior international auditor in one of the top 5 audit firm in the UK,

> *"it is unthinkable to believe that auditors in the UK will relax their professional scepticism attitude if their professional liability is capped. The reputation of the auditing profession, the professional body that each auditor belongs, the reputation of each auditing firm is at stake".*

What happened in the US in 2002 during the Enron saga is a strong lesson for auditors in the UK. Arthur Andersen, which was the auditing firm to Enron Corporation voluntarily, surrendered its practicing licenses to Certified Public Accountants in the US when the firm was found guilty of criminal charges. Certified Public Accountant is a professional body that regulates the behaviour of auditors in the US. This marked the demise of Arthur Andersen as auditing firm, and the big five was reduced to big four.

In the same veil, according to Watts and Zimmermann (1983), Lim and Tan (2008), Firth (1990), Wilson and Grimlund (1990), Weber et al., (2008) audit failure do affect auditors' reputation even when there is no legal claim against them as this adversely impact on their market share. This point further corroborates other findings from the above. Thus, it suggests that apart from the fear of losing practicing certificate, the fear of reputation damage could propel statutory auditors in the UK in working hard towards the enhancement of listed companies' financial statements in the UK. If this assertion is assumed to be correct that audit failure does adversely affect auditor's reputation, then, it can be inferred that auditors in the UK will not relax their professional scepticism attitude if their liability is capped.

Table 6.8: Respondents' frequency on question number eight

Q8

Categories			Frequency	Percent	Valid Percent	Cumulative Percent
NON-QUALIFIED ACCOUNTANTS	Valid	Disagree	1	.3	.3	.3
		AGREE	98	32.3	32.5	32.8
		Strongly AGREE	203	67.0	67.2	100.0
		Total	302	99.7	100.0	
	Missing	System	1	.3		
	Total		303	100.0		
	Valid	AGREE	62	25.7	25.9	25.9

		Strongly AGREE	177	73.4	74.1	100.0
QUALIFIED ACCOUNTANT		Total	239	99.2	100.0	
	Missing	System	2	.8		
	Total		241	100.0		

Source: field work compiled from questionnaire 2019

6.2.1 WHETHER CAPPING CAN ENHANCE FINANCIAL STATEMENT INTEGRITY

The finding from table 6.8 below was derived from one of the probing questions within the survey in relation to question number seven as previously analysed. Thus, this very question come from question number nine in the survey. For example, respondents were asked “to what extent do you agree with the opinion that a capping strategy can encourage external auditors to do more in enhancing financial statement integrity in the UK?” In response to this question as evidenced in table 6.8 below, on aggregate, the total number that strongly agree/agree were 542. This represents 99.62% of the legitimate sample. Specifically, while 302 non-qualified Accountants in the UK strongly agree/agree as evidenced in table 6.8 below, 240 qualified Accountants in the UK strongly agree/agree to this assertion. Within this question, the responses of the non-qualified Accountants that strongly agree/agree constituted 55.51% in relation to the valid population at 544. On the other hand, the responses of the qualified Accountants in the UK that strongly agree/agree to this question constituted 44.49%

A further analysis within question number nine from the survey as evidenced in table 6.7 above revealed that while the calculated mean and standard deviation of the non-qualified Accountants in the UK were 4.72 and 0.45 respectively, the mean and standard deviation of the qualified Accountants in the UK were 4.66 and 0.48 respectively. In order to possibly arrive at plausible interpretation or conclusion within this question, Mann Whitney U test was calculated in table 6.6 above with specific reference to question number nine. Thus, Mann Whitney U test calculated at 0.15 indicates that there is no significant difference in the numbers of Qualified Accountants and Non-qualified Accountants in their responses on Q9. This means that most of the Qualified and Non-qualified Accountants opted for *Strongly Agree* and *Agree* on Q9. This further implies that the claim that capping that can possibly enhance financial statements' integrity in the UK as encapsulated in Q9 has been unanimously accepted by both the qualified and non-qualified Accountants in the UK

By way of cross referencing, the finding from this specific empirical question corroborates the findings from question number seven and eight from the survey. It also corroborates some of the findings from semi-structured interview that was conducted in the UK in conjunction with some findings from relevant literature. Based on these findings, the conclusion that can be reached within this question is that capping strategy can possibly help to enhance financial statement integrity in the UK if it is implemented.

Table 6.9: Respondents' frequency on question number nine

Q9

Categories			Frequency	Percent	Valid Percent	Cumulative Percent
NON-QUALIFIED ACCOUNTANTS	Valid	Neutral	1	.3	.3	.3
		AGREE	82	27.1	27.1	27.4
		Strongly AGREE	220	72.6	72.6	100.0
		Total	303	100.0	100.0	
QUALIFIED ACCOUNTANT	Valid	Neutral	1	.4	.4	.4
		AGREE	79	32.8	32.8	33.2
		Strongly AGREE	161	66.8	66.8	100.0
		Total	241	100.0	100.0	

Source: field work compiled from questionnaire 2019

6.2.2 WHETHER THE UK SHOULD ADOPT STATUTORY AUDITORS' LIABILITY CAPPING

The statistical information as depict in table 6.9 below was derived from question number ten within the questionnaire which asked respondents that "countries such as Germany, Greece and Belgium have adopted statutory auditors' liability capping. To what extent do you agree that it is wise for the UK to adopt a similar policy." This is another probing question in relation to question number seven that has been analysed above. The essence was to test the degree of corroboration or inconsistencies in relation to the respondent's rates in question seven, eight, nine and ten.

In response to this specific question as evidenced in table 6.9 below, on aggregate, the total number that strongly agree/agree were 541. This represents 99.4% of the legitimate sample. However, the total number of respondents that strongly disagree/disagree were 3 and this represents 0.6% of the legitimate sample. Therefore, the spread that was found between those respondents that strongly agree/agree and those that strongly disagree/disagree was 538. This significantly represents approximately 98.9% of the legitimate sampled population.

Specifically, while the total responses from non-qualified Accountants in the UK that strongly agree/agree was 303, that of qualified Accountant was 238. In the vein, the responses of the non-qualified Accountants in the UK constitute 56.01% in relation the strongly agree/agree within Q10. On the other hand, the responses of the qualified Accountants in the UK with reference to strongly agree/agree within Q10 was 43.99%. A further analysis in the form of calculated mean and standard deviation in relation to the responses of the qualified and non-qualified Accountants in the UK as evidenced in table 6.6 above revealed the following: While the calculated mean and standard deviation of non-qualified Accountants in the UK was 4.66 and 0.47 respectively, that of qualified Accountants in the UK was 4.49 and 0.57 respectively. What does this mean? The answer to this question is found in table 6.6 above within Mann Whitney column with specific reference to Q10. Thus, a calculated Mann Whitney U test at 0.77 suggests that there is no significant difference in the numbers of qualified Accountants and non-qualified Accountants in their responses on Q10. This means that qualified and non-qualified Accountants opted for Strongly agree/a*gree* on Q10. This also implies that both the qualified and the non-qualified Accountants in the UK have unanimously agreed that it is expedient for a similar capping policy to be adopted in the UK.

By way of cross referencing, the finding from this specific empirical question corroborates the findings from Q8. Q9, and Q10 from the survey. Thus, these findings advocate for capping strategy in the UK based on the notion that capping can positively enhance listed companies' financial statements integrity in the UK.

Critics could as well question the reasonableness of this specific finding. Thus, they can argue that though capping strategy appears to be successful in countries like Germany, Belgium and Greece, they could argue that the political, economic and foreign policies of those countries might have contributed to the success of capping strategy in those countries in conjunction with their indigenous culture. This could further provoke a counter argument. For example, proponents of capping strategy in the UK could argue that the economic, political, foreign policy and indigenous culture of the UK are one of the best in the world hence they are ranked as the 5th largest economy in the world (Statisticstimes, 2019).

From democratic principles or majority concept, it can be concluded within the context of this specific question that it wise for the UK to adopt a similar capping strategy just like other countries like Germany, Belgium and Greece. For example, the percentages of respondents that support this policy between question number seven, eight, nine and ten are more than 50%, each being probing question.

Table 6.10: Respondents' frequency on question number ten

Q10

Categories			Frequency	Percent	Valid Percent	Cumulative Percent
NON-QUALIFIED ACCOUNTANTS	Valid	AGREE	103	34.0	34.0	34.0
		Strongly AGREE	200	66.0	66.0	100.0
		Total	303	100.0	100.0	
QUALIFIED ACCOUNTANT	Valid	Disagree	3	1.2	1.2	1.2
		AGREE	112	46.5	46.5	47.7
		Strongly AGREE	126	52.3	52.3	100.0
		Total	241	100.0	100.0	

Source: field work compiled from questionnaire 2019

6.2.3 AUDITORS ACCOUNTABLE FOR AVOIDABLE NEGLIGENCE

The finding from table 10 below is a probing question, connecting Q 12 and 13 from the survey. Thus, within this question, respondents were asked the following question. "Within the context of the UK, to what extent do you agree the external auditors should only be held accountable for avoidable negligence?" This question is number eleven in the survey questions and it is a derivative of one of the themes that emerged during semi-structured interview that was conducted in the UK within the study. During the interview, most of the interviewee voiced it that statutory auditors in the UK are not fairly treated compared to their professional colleagues in the US.

In response to the above question within this section on aggregate, the total number that strongly agree/agree were 235. This represents 43.2% of the legitimate sample. However, the total number of respondents that strongly disagree/disagree were 300 and this represents 55.1% of the legitimate sample. Therefore, the spread that was found between those respondents that strongly agree/agree and those that strongly disagree/disagree was 65. This significantly represents approximately 11.9% of the legitimate sampled population.

While the percentage of those who strongly/agree among the non-qualified Accountants in the UK was 0.2% with reference to Q11 in the survey that was conducted in the UK, the percentage of the qualified Accountants in the UK that opted for strongly agree/agree within the same question was 44.3%. A further analysis in the form of categories mean and standard deviation within the same question revealed the following: As evidenced in table 6.6 above, while the mean and standard deviation of non-qualified Accountants in the UK were 1.34 and 0.52 respectively, the mean and standard deviation of the qualified Accountants in the UK with the same table above was 4.72 and 0.56 respectively. A comparison of these statistical information as encapsulated in 6.6 within Mann Whitney column but with specific reference to Q11 revealed that there was significant difference in terms of opinion between the non-qualified and the qualified Accountants in the UK as this was calculated at 0.00. By simple interpretation, this simply means that qualified and non-qualified Accountants in the UK disagreed with other within Q11, thereby revealing the high degree of dichotomy within this question among the qualified and non-qualified Accountants in the UK.

A similar finding was revealed during the interview that was conducted in the UK within the context of this study. Thus, unfairness became a reoccurring point during the interview in relation to the question as mentioned above. For example, during the interview, 98% of the interviewee pointed out that auditors in the UK are not fairly treated when it comes to accountability in connection with financial statements misstatements. In contrast, 2% of the interviewee opined that though it is unreasonable on the basis of fairness to wholly and exclusively hold auditors in the UK accountable for the defectiveness of financial statements of listed companies in the UK, they argued that auditors in the UK should do more in order to possibly exonerate themselves from the blame and punishment that is associated with listed companies financial statements misstatements in the UK.

According to Doubtful who is currently working as senior audit partner in one of the big four audit firm in the UK,

> *"auditors in the UK cannot be 100% exonerated from the misstatement of financial statements in the UK. The UK government has acknowledged this; hence legislation has changed in relation to company Act has of 2000 and 2006 to possibly lessen the burden of auditors' liability in the UK. However, it is unfair based on the current practice in the UK that auditors are wholly and exclusively held accountable for the misstatement of financial statements in the UK"*.

Although the finding from the survey within this specific question do not correlate positively with the finding from interview within the sphere of the same question being unfairness, the researcher has decided not to make any remark about these findings until Q12 and Q13 from the survey are analysed. This is because Q11 is a probing question.

Table 6.11: Respondents' frequency on question number eleven

Q11

Categories			Frequency	Percent	Valid Percent	Cumulative Percent
Qualified Accountants	Valid	Strongly Disagree	1	.4	.4	.4
		Disagree	1	.4	.4	.8
		Neutral	5	2.1	2.1	2.9
		Agree	50	20.7	20.7	23.7
		Strongly Agree	184	76.3	76.3	100.0
		Total	241	100.0	100.0	
Non-Qualified Accountants	Valid	Strongly Disagree	207	68.3	68.3	68.3
		Disagree	91	30.0	30.0	98.3
		Neutral	4	1.3	1.3	99.7
		Agree	1	.3	.3	100.0
		Total	303	100.0	100.0	

Source: field work compiled from questionnaire 2019

6.2.4 WHO SHOULD BE HELD ACCOUNTABLE FOR MATERIAL MISSTATEMENTS

The empirical findings as evidenced in table 6.11 below was imbedded in Q12 within the questionnaire. Thus, respondents were asked about their level of agreement/disagreement based on the assertion that "within the UK context, to what extent do you agree that Chief Executive Officers, Audit Committee and Chief Accountants should be jointly held accountable for any material misstatement in listed companies' financial statements?".

This was another probing question in relation to Q12. The essence was to gauge the understanding the respondents have in relation to Q12 and Q13, thereby evaluating their responses in Q13 with the lens of consistency and variance.

Within this question, the respondents' rate that strongly agree/agree on aggregate was 238 and this represent 43.75% of the legitimate population on aggregate. On the other hand, those who strongly disagree/ disagree was 300 and those that stayed neutral were 6 these represent 55.1% and 1.10% respectively of the legitimate sampled population as evidenced in table 6.11 below. Based on this statistical information, a variance of 62 was found between those who strongly agree/agree and those who strongly disagree/disagree. This represents approximately 11.40% of the legitimate population.

While the total number of non-qualified Accountants in the UK that opted for strongly agree/agree within this question was 2, the population of the qualified Accountants with reference to the same question was 236. Therefore, the expression of the non-qualified Accountants in the UK represents 3.80%, why that of the qualified Accountants in the UK represents 43.75%. Furthermore, a comparison of categories in the form of respondents' rates in relation to their means and standard deviation was calculated as evidenced in table 6.6 above. Thus, while the non-qualified Accountants in the UK had a calculated mean of 1.32 and standard deviation of 0.54, the qualified Accountants in the UK had a calculated mean of 4.68 and standard deviation of 0.61. In order to possibly have a plausible remark within Q13 as previously explained above, a Mann Whitney U test was calculated at 0.00 as evidenced in table 6.6 above with reference to Q12. The Mann Whitney U test calculation suggests that there is significant difference in the numbers of qualified Accountants and non-qualified Accountants in their responses within Q12 in relation to their opinion.

Th synopsis of this finding fairly suggest that the respondents understand the question very well. Thus, a negative correlation was found between Q11, and Q12 as evidenced in table 6.6 above.

A similar non-corroborative information was also found from the semi-structure interview that was conducted in the UK regarding the same question that cantered on unfairness from UK auditors' perspective. According to Doubtful who is currently working as senior audit partner in one of the big four audit firm in the UK,

> *"auditors in the UK cannot be 100% exonerated from the misstatement of financial statements in the UK. The UK government has acknowledged this; hence legislation has changed in relation to company Act has of 2000 and 2006 to possibly lessen the burden of auditors' liability in the UK. However, it is unfair based on the current practice in the UK that auditors are wholly and exclusively held accountable for the misstatement of financial statements in the UK"*.

Doubtful argued that it is unreasonable to single out auditors in the UK and hold them accountable for the defectiveness of financial statements while other parties like company directors, company's audit committee and company's chief accountant who oversees internal control mechanism efficacy are not punished.

Although there is element of consistency between the findings that emerged from Q11 – Q12 within the survey, the research has decided not to express his interpretation on these finding until Q13 from the survey is fully analysed. Thus, findings from Q11 – Q13 cantered on unfairness.

Table 6.12: Respondents' frequency on question number twelve

Q12

Categories			Frequency	Percent	Valid Percent	Cumulative Percent
Qualified Accountants	Valid	Strongly Disagree	2	.8	.8	.8
		Disagree	2	.8	.8	1.7
		Neutral	1	.4	.4	2.1
		Agree	61	25.3	25.3	27.4
		Strongly Agree	175	72.6	72.6	100.0
		Total	241	100.0	100.0	
Non-Qualified Accountants	Valid	Strongly Disagree	216	71.3	71.3	71.3
		Disagree	80	26.4	26.4	97.7
		Neutral	5	1.7	1.7	99.3
		Agree	2	.7	.7	100.0
		Total	303	100.0	100.0	

Source: field work compiled from questionnaire 2019

6.2.5 TOP MANAGEMENT ACCOUNTABLE FOR MATERIAL MISSTATEMENTS

The empirical findings as depict in table 6.12 below was one of the probing questions as imbedded in Q13 within the questionnaire. For example, respondents were asked about their level of agreement/disagreement based on the above assertion.

As previously mentioned in the above paragraph, this was another probing question in relation to Q13. The principal motive behind this question was to gauge the understanding the respondents have in relation to Q11, Q12 and Q13, thereby evaluating their responses in Q13 with the lens of consistency and variance.

It was also mentioned within Q12 from the questionnaire analysis that there will be no detailed analysis in the absence of respondent's rate from Q13 from the questionnaire. Having obtained responses from Q13, a plausible attempt will be made regarding detailed analysis within Q11, Q12 and Q13 within the questionnaire. This is expected to reveal the degree of understanding the respondents had regarding the questions asked, in conjunction with their corroboration and variances if any.

Within Q13, the number of respondents that strongly agree/agree on aggregate was 243 and this represent 44.67% of the legitimate population. On the other hand, those who strongly disagree/ disagree were 300 and those that stayed neutral was 1 and these represent 57% and 0.2% respectively of the legitimate sampled population as evidenced in table 6.12 below.

From the above statistical information, a variance of 57 was found between those who strongly agree/agree and those who strongly disagree/disagree. This represents approximately 10.48% of the legitimate population. In the same vein, a variance of 242 was found between those who strongly agree/agree and those who stayed neutral. This represents 44.49% of the legitimate sample.

The population of non-qualified Accountants in the UK that strongly agree/agree was 3 and this represents 1.23% in relation to strongly agree/agree option. In the same vein, the population of the qualified Accountants in the UK that strongly agree/agree to this assertion was 240 and this represents 44.12% in relation to the total population that opted for strongly agree/agree within this question.

A similar dichotomy was found within each category response in relation to their mean and standard deviation as evidenced in table 6.6 above. Thus, while a mean of 4.52 and standard deviation of 0.52 was calculated with Q13 for qualified Accountants in the UK as evidenced in table above, mean of 1.32 and standard deviation of 0.53 was calculated respectively for non-qualified Accountant in the UK in the same table. A further comparison in relation to Mann Whitney U test as evidenced in table 6.6 revealed that there is significant difference in terms of opinion between the qualified and non-qualified Accountants in the UK. Thus, Mann Whitney U test at 0.00 suggests that both Qualified and non-qualified Accountants in the UK disagree with each other within Q13.

In addition to those negative correlations as analysed above, the views of an interviewee called Beautiful during semi-structure interview in the UK also disagree with the findings from Q11, Q12 and Q13 from the questionnaire. According to Beautiful who is currently an audit manager in the UK,

> *(…the fact that auditors' liability capping has lasted more than a decade in the UK suggests the unfair treatment of statutory auditors in the UK. Thus, listed companies' chairman, audit committee and the executive officers should be jointly held accountable for any misstatements in the financial statements…)*

By way of cross referencing through methodological triangulation, this specific finding fairly suggests that the respondents understand the question very well. Thus, a negative correlation was found between finding from Q11, Q12 and Q13 within the survey.

Recall that a similar non-corroborative evidence was found from the semi-structure interview that was conducted in the UK regarding the same question that cantered on unfairness from UK auditors' perspective. This was categorically voiced by an interviewee named Doubtful as previously quoted directly and analysed within this section.

Based on the finding from semi-structure interview that was conducted in the UK in conjunction with the findings from questionnaire regarding Q11, Q12, and Q13, within the questionnaire, it has pragmatically become difficult for the researcher to make unbiased remark. Thus, the qualified and non-qualified Accountants in the UK disagree with each other within Q11, Q12 and Q13, thereby revealing the high degree of dichotomy that is associated to the research topic.

Table 6.13: Respondents' frequency on question number thirteen

Q13

Categories			Frequency	Percent	Valid Percent	Cumulative Percent
Qualified Accountants	Valid	Disagree	1	.4	.4	.4
		Agree	113	46.9	46.9	47.3
		Strongly Agree	127	52.7	52.7	100.0
		Total	241	100.0	100.0	
Non-Qualified Accountants	Valid	Strongly Disagree	214	70.6	70.6	70.6
		Disagree	85	28.1	28.1	98.7
		Neutral	1	.3	.3	99.0
		Agree	3	1.0	1.0	100.0
		Total	303	100.0	100.0	

Source: field work compiled from questionnaire 2019

6.2.6 WHETHER THE UK AUDIT MARKET IS CURRENTLY UNCOMPETITIVE

The empirical finding from this section as depicted in table 6.13below, being is a derivative of question number fourteen from the questionnaire that was administered. For example, respondents were asked "to what extent do you agree with the opinion that the UK audit market is currently uncompetitive"? In response to this specific question as evidenced in table 6.13 below, the number of respondent that strongly agree/agree was 541. This represents 99.5% of the legitimate population that was sampled. In the same vein, the total number of respondents that strongly disagree/disagree was 2. This represents 0.4% of the legitimate population that was sampled. Consequently, 539 was found to be a spread between those who strongly agree/ agree and those who strongly disagree/disagree. This represent 99.1%

The number of non-qualified Accountants in the UK that opted for strongly agree/agree within this question was 303 and this represent 56% in relation the entire population that strongly agree/agree. On the other hand, the population of the qualified

Accountants in the UK that opted for strongly agree/agree within the same question was 238 and this represents 44% of the entire population that strongly agree/agree.

As evidenced in table 6.3 above, the mean and standard deviation of non-qualified Accountants in the UK was 4.66 and 0.47 respectively that of qualified Accountants in the UK was 4.66 and 0.53 respectively. In the same vein, Mann Whitney U test was calculated to be 0.66 as evidenced in table 6.6 above. By interpretation, this means that there is no significant difference in the numbers of Qualified Accountants and Non-qualified Accountants in their responses to Q14.

Recall that one of the study questions centred on gaining an understanding in relation to auditors' behaviour if their professional liability is capped; whether auditors' liability capping can help to demonopolize the UK current audit market that is dominated by the big four audit firms. This further justified the necessity or significance of this question as it featured in semi-structured interview that was conducted in the UK at the same time in the questionnaire that was administered in the UK.

According to findings from the semi-structured interview in the UK in relation to this specific question, 100% of the interviewee agreed that the UK audit market is currently dominated by the big four accounting firms in the UK. Among the interviewee that voiced this view are: Necessity, Eloquent, and Honesty and their views have been quoted directly in the preceding chapter.

Furthermore, a similar corroborative trend was found in some literature in line with this same question. For example, according to Directorate General for Internal Market and Services (2007), the big four control 90% of the audit market within the EU. (Karim, and Hasan, 2012) corroborated the above assertion in their report by saying that "the so-called Big Four firms dominate the audit market. (Carstensen, 2013; Agnew, 2014) lamented that there is competition issue in the audit market. Consequently, as from

2016, shareholders in the UK will be compelled to change their audit firms after 10 years of service.

One of the major issues at stake according to Bush, et al., (2007) is that if auditors' liability is officially capped, it is possible that the big four could raise the cap ceiling themselves because of their financial muscles to flex. If this happens, the audit market in the UK particularly could further become monopolise by the big four, thereby discouraging competition in the market (Carstensen, 2013; Agnew, 2014).

By interpretation, both empirical and literature findings suggest that the above claim is true as they corroborate each other. Thus, that the UK audit market is currently uncompetitive. Therefore, the recommendation within the context of this specific question is that the UK government should urgently address this issue in order to possibly stimulate a healthy competition in the UK audit market

Table 6.14: Respondents' frequency on question number fourteen

Q14

Categories			Frequency	Percent	Valid Percent	Cumulative Percent
NON-QUALIFIED ACCOUNTANTS	Valid	AGREE	102	33.7	33.7	33.7
		Strongly AGREE	201	66.3	66.3	100.0
		Total	303	100.0	100.0	
QUALIFIED ACCOUNTANT	Valid	Disagree	2	.8	.8	.8
		Neutral	1	.4	.4	1.2
		AGREE	73	30.3	30.3	31.5
		Strongly AGREE	165	68.5	68.5	100.0
		Total	241	100.0	100.0	

Source: field work compiled from questionnaire 2019

6.2.7 AUDITORS' LIABILITY CAPPING AND COMPETITION IN THE UK AUDIT MARKET

Empirical findings and some literature review in relation to question number fourteen from the questionnaire revealed that the UK audit market is currently uncompetitive. Therefore, the next question which is question number fifteen intends to find out whether capping strategy can help to stimulate a healthy competition within the UK audit market. Based on this understanding respondent were asked the following question as evidenced in questionnaire sample number fifteen. Thus, “to what extent do you agree that auditors’ liability capping can stimulate competition in the audit market in the UK.” In response to this question as evidenced in table 16.14 below, 538 respondents strongly agree/agree. This represents 99.4% within the context of the legitimate population. In the same vein, the number of respondent that strongly disagree/disagree was 1 while those that stayed neutral were 2. The responses from those who strongly disagree/disagree constitute 0.2% of the legitimate sample, while the percentage of those that stayed neutral were 0.4%. When the responses from those who agree were compared with those who disagree, a spread of 537 was found and this represents 98.7% of the population sampled.

Within this same question, the number of non-qualified Accountants in the UK that opted for strongly agree/agree was 302 and this represents 56% of the population that opted for strongly agree/agree within the same question. On the other, 236 qualified Accountants in the UK opted for strongly agree/agree within the same question and this represents 44% in relation to the total number of strongly agree/agree within the same Q15.

As evidenced in table 6.6 above, the mean and standard deviation of non-qualified Accountants in the UK in relation to responses from Q15 was 4.68 and 0.47 respectively. On the other hand, the mean and standard deviation of qualified Accountants in the UK in terms of their responses to Q15 as evidenced in table 6.3 was 4.66 and 0.53 respectively. When the opinions of qualified and non-qualified Accountants in the UK were compared as evidenced in table 6.4 above within Mann Whitney column, Mann Whitney U test was calculated to be 0.24. By interpretation, this calculation simply means that there is no significant difference in the numbers of Qualified Accountants and non-qualified Accountants in terms of their responses on Q15. This also means that most of the qualified and non-qualified Accountants opted for strongly agree/agree in Q15. In summary, this finding within Q15 suggests that both the qualified and non-qualified Accountants in the UK agreed that capping can stimulate a healthy competition in the UK audit market that is currently dominated by the big four.

Recall that 100% of the interviewee agreed that the UK audit market is currently uncompetitive. However, when the same interviewees were asked whether capping strategy can stimulate competition in the UK audit market, it was only 90% of the interviewee that agreed to this question.

A similar compelling evidence were found in the literature within the same question. For example, according to London Economics (2006), the UK audit market is concentrated in the hands of the big four. Namely, (PwC, KPMG, Deloitte, and Ernst & Young). The major fact that influenced concentration according to Philipsen, (2014), was due to unwillingness of the medium tie audit firm to accept high profile client, resulting from fear of unlimited liabilities. In the same vein, (EC, 2008; EC, 2010; Davies, 2015) argued that auditors' liability issue needs to be addressed to possibly achieve progress on both the development of the role of the audit and the encouragement of greater competition in the audit market. Thus, they stressed on the significance of reducing auditors' liability to possibly stimulate competition in the market. According to Belcher, (2006) and Walter et al., (2008), the expected competition in the audit market will only become an illusion if auditors' liability is not capped.

If the above findings are presumably correct from methodological triangulation perspective, by interpretation, capping strategy can stimulate a health competition in the UK audit market.

Table 6.15: Respondents' frequency on question number fifteen

Q15

Categories			Frequency	Percent	Valid Percent	Cumulative Percent
NON-QUALIFIED ACCOUNTANTS	Valid	AGREE	98	32.3	32.5	32.5
		Strongly AGREE	204	67.3	67.5	100.0
		Total	302	99.7	100.0	
	Missing	System	1	.3		
	Total		303	100.0		
QUALIFIED ACCOUNTANT	Valid	Disagree	1	.4	.4	.4
		Neutral	2	.8	.8	1.3
		AGREE	96	39.8	40.2	41.4
		Strongly AGREE	140	58.1	58.6	100.0
		Total	239	99.2	100.0	
	Missing	System	2	.8		
	Total		241	100.0		

Source: field work compiled from questionnaire 2019

6.2.8 AUDITTORS' LIABILITY DISCOURAGING YOUNG TALENTS

The statistical information as depict in table 6.15 below was derived from question number sixteen within the questionnaire which asked respondents "to what extent do you agree that young talent could be discouraged form venturing into the audit profession due to large legal claims that could put personal assets at risk?"

This is a stone alone question as it does not connect with other questions directly. However, this question indirectly linked one of the research questions which tends to understand whether the audit profession in the UK will survive and grow should the UK auditors continue to pay large legal claims.

In response to this specific question as evidenced in table 6.15 below, on aggregate, the total number that strongly agree/agree were 514. This represents 94.49% of the legitimate sample. However, the total number of respondents that strongly disagree/disagree was 28 and this represents 5.15% of the legitimate sample. Therefore, the spread that was found between those respondents that strongly agree/agree and those that strongly disagree/disagree was 486. This significantly represents approximately 89.34% of the legitimate sampled population. Within this same question, the number of qualified Accountants in the UK that opted for strongly agree/agree was 239 and this represents 43.93% of the legitimate population. On the other hand, the number of non-qualified Accountants that opted for strongly agree/agree within Q16 was 275 and this represents 55.07% of the legitimate population. A further analysis in the form of mean and standard deviation of each category revealed that while the mean and standard deviation of non-qualified Accountants in the UK was 4.52 and 0.89 respectively as evidenced in table 6.6 above within Q16 column, the mean and standard deviation of the qualified Accountants in the UK within the same Q16 was 4.73 and 0.48 respectively. In order to possibly gain a fuller understanding about the above statistical information, a comparison of opinion between the qualified and non-qualified Accountants in the UK was done within Q16 as evidenced in table 6.6 above. Thus, Mann Whitney U test was calculated to be 0.17. This calculated result simply suggests that there is no significant difference in the numbers of Qualified Accountants and Non-qualified Accountants in their responses on Q16.

The limited interpretation or conclusion that can be reached within the context of this question based on the available evidence from the survey is that young talents in the

UK could be discouraged from venturing into audit profession in the UK resulting from legal liabilities that could put their personal assets at risk.

Table 6.16: Respondents' frequency on question number sixteen

Q16

Categories			Frequency	Percent	Valid Percent	Cumulative Percent
NON-QUALIFIED ACCOUNTANTS	Valid	Disagree	27	8.9	8.9	8.9
		Neutral	1	.3	.3	9.2
		AGREE	61	20.1	20.1	29.4
		Strongly AGREE	214	70.6	70.6	100.0
		Total	303	100.0	100.0	
QUALIFIED ACCOUNTANT	Valid	Disagree	1	.4	.4	.4
		Neutral	1	.4	.4	.8
		AGREE	61	25.3	25.3	26.1
		Strongly AGREE	178	73.9	73.9	100.0
		Total	241	100.0	100.0	

Source: field work compiled from questionnaire 2019

6.2.9 LIABIILITY CAPPING CAN DEMONOPOLIZE THE UK CURRENT AUDIT MARKET

The statistical information as depict in table 6.16 below is a probing question, connecting question number fourteen and fifteen from the survey. For example, the empirical and literature findings within the context of question fourteen from the survey revealed that the current UK audit market is uncompetitive. In the same vein, both empirical and literature findings in relation to question number fifteen revealed that capping can stimulate competition into the current UK audit market that is dominated by the big four. Therefore, question number seventeen from the survey is another probing question within the context of UK audit market. The essence was to gauge the respondents understanding in relation to the questions that they have been asked in order to possibly gain an understanding regarding the degree of consistency or variance. For example, respondents were asked "to what extent do you agree that external auditors' liability capping can help to demonopolize the current audit market in the UK? As you can observe from this question, the word demonopolize was used as against stimulation within question number fifteen in the survey. In response to this specific probing question, the number of respondents that strongly agree/agree culminated into 540. This represents 99.2% of the legitimate population that was sampled. On the other hand, the total number of respondents that strongly disagree/disagree was 1. This represents 0.2% of the legitimate sample. Based on simple comparison between the respondents that strongly agree/agree and those that strongly disagree/disagree, a spread of 539 was found. This further represents 99.1% of the legitimate sample.

Within the same Q17, 239 qualified Accountants in the UK strongly agree/agree to this question and this represent 44.26% in relation to the total respondents that strongly agree/agree to Q17. A similar trend was found with non-qualified Accountants in the UK within Q17. Thus, 301 of them strongly agree/agree and this represents 55.74% in relation to the 540 respondents that strongly agree/agree to this question.

As evidenced in table 6.3 above, while the calculated mean and standard deviation of non-qualified Accountants in the UK was 4.63 and 0.49 respectively within Q17, the mean and standard deviation of qualified Accountants in the UK was 4.65 and 0.49 respectively. In order to possibly arrive at a plausible conclusion within this question, Mann Whitney U test was calculated as evidenced in table 6.6 above. Thus, within Q17, Mann Whitney U test was calculated to be 0.55. What does this mean? This simply suggests that there is no significant difference in the numbers of Qualified Accountants and Non-qualified Accountants in their responses on Q17. This also means that Qualified and Non-qualified Accountants opted for strongly *a*gree /agree on Q17.

From the above descriptive statistics, it can be observed or interpreted that the respondents are knowledgeable because there is consistency in their responses within question number fourteen, fifteen and seventeen from the survey.

The final interpretation that can be reached within this question in conjunction with empirical and literature findings that corroborate this specific finding from question number seventeen within the survey is that auditors' liability capping can help to demonopolize the UK current audit market that is dominated by the big four.

Table 6.17: Respondents' frequency on question number seventeen

Q17

Categories			Frequency	Percent	Valid Percent	Cumulative Percent
NON-QUALIFIED ACCOUNTANTS	Valid	Neutral	1	.3	.3	.3
		AGREE	110	36.3	36.4	36.8
		Strongly AGREE	191	63.0	63.2	100.0
		Total	302	99.7	100.0	
	Missing	System	1	.3		
	Total		303	100.0		
QUALIFIED ACCOUNTANT	Valid	Neutral	2	.8	.8	.8
		AGREE	80	33.2	33.2	34.0
		Strongly AGREE	159	66.0	66.0	100.0
		Total	241	100.0	100.0	

Source: field work compiled from questionnaire 2019

6.2.10 CAPPING EFFECT ON YOUNG TALENTS' INTEREST IN AUDIT PROFESSION

The statistical information as depict in table 17 below was derived from question number eighteen within the questionnaire which asked respondents "To what extent do you agree that a capping strategy can stimulate young talents' interest into audit profession in the UK?"

Recall that question number sixteen from the survey was a stand-alone question as it does not connect to other questions directly. However, it was mentioned that the question itself indirectly linked one of the research questions which tends to understand whether the audit profession in the UK will survive and grow should the UK auditors continue to pay large legal claims. This is the basis of question number eighteen being a probing question. Thus, within the embers of question number sixteen from the survey, the finding was that large legal claims against auditors in the UK can discourage young talents from venturing into audit profession in the UK. Therefore, the essence of question number eighteen is to gain an understanding regarding consistency or variance which could in turn reveal the understanding of the respondents in relation to the questions they were asked.

In response to this specific question as evidenced in table 6.17 below, on aggregate, the total number that strongly agree/agree were 533. This represents 97.98% of the legitimate sample. However, the total number of respondents that strongly disagree/disagree were 2 and this represents 0.37% of the legitimate sample. Therefore, the spread that was found between those respondents that strongly agree/agree and those that strongly disagree/disagree was 531. This significantly represents approximately 97.61% of the legitimate sampled population.

Within the same Q18, while the mean and standard deviation of qualified Accountants in the UK was calculated to be 4.36 and 0.51 respectively, that of non-qualified Accountants was 4.40 and 0.55 as evidenced in table 6.6 above. A similar statistical result was calculated within the same Q18 as evidenced in table 6.6 above. Thus, within Mann Whitney column but with reference to Q18, Mann Whitney U test was calculated to be 0.27. This statistical fairly suggests that there is no significant difference in the numbers of qualified Accountants and non-qualified Accountants in their responses on Q18. This means that qualified and non-qualified Accountants opted for strongly agree/agree on Q18.

The interpretation or conclusion that can be reached within the context of this question based on the available evidence from the survey is that capping strategy can stimulate young talents into audit profession in the UK as they will be relieved off the risk that is associated to the loss of personal assets resulting from professional liability.

Table 6.18: Respondents' frequency on question number eighteen

Q18

Categories			Frequency	Percent	Valid Percent	Cumulative Percent
NON-QUALIFIED ACCOUNTANTS	Valid	Disagree	2	.7	.7	.7
		Neutral	3	1.0	1.0	1.7
		AGREE	169	55.8	55.8	57.4
		Strongly AGREE	129	42.6	42.6	100.0
		Total	303	100.0	100.0	
QUALIFIED ACCOUNTANT	Valid	Neutral	4	1.7	1.7	1.7
		AGREE	145	60.2	60.7	62.3
		Strongly AGREE	90	37.3	37.7	100.0
		Total	239	99.2	100.0	
	Missing	System	2	.8		
	Total		241	100.0		

Source: field work compiled from questionnaire 2019

6.2.13 THE UK AUDIT MARKET AND CAPPING STRATEGY

The descriptive statistical information as depict in table 6.18 below was derived from question number nineteen within the questionnaire which asked respondents "to what extent do you agree with the opinion that the audit market in the UK will remain uncompetitive despite capping?"

Recall that finding from question number fourteen from the survey revealed that the UK audit market is currently uncompetitive. In the same vein, the finding from question number fifteen from the same survey revealed that capping strategy can stimulate a healthy competition into the UK current audit market that is not competitive. Within question number seventeen in the survey, I found out that capping can demonopolize the current UK audit market that is currently dominated by the big four. Therefore, question number nineteen from the survey is another imperative probing question within the context of the UK audit market. One of the aims of this probing question was to find out whether respondents will maintain the degree of consistency or variance as I have found out in question fourteen, fifteen and seventeen as analysed above.

In response to this very question as evidenced in table 6.18 below, on aggregate, the total number that strongly disagree/disagree that the UK audit market will remain uncompetitive despite capping were 463. This represents 85.11% of the legitimate sample. However, the total number of respondents that strongly agree/agree was 81 and this represents 14.89% of the legitimate sample. Therefore, the spread that was found between those respondents that strongly agree/agree and those that strongly disagree/disagree was 382. This significantly represents approximately 70.22% of the legitimate sampled population.

As evidenced in table 6.18 below, 256 respondents among the non-qualified Accountants in the UK strongly disagree/disagree and this represent 55.29% in relation to the total of respondents that strongly disagree/disagree. In the same vein, 207 respondents among the qualified Accountants in the UK strongly disagree/disagree and this represents 44.71% in relation to the total respondents that strongly disagree/disagree. Within table 6.3 above, mean and standard deviation of qualified Accountants in the UK within Q19 column was calculated to be 2.06 and 1.05 respectively while that of non-qualified Accountants were 1.97 and 1.23 respectively. A comparison of these statistical information as evidenced in table 6.4 above revealed Mann Whitney U test value to be 0.17 within Q19 row. What does these descriptive statistics reveal? Firstly, it revealed that respondents maintained a high degree of consistency as evidenced in their responses between Q14 – Q19 from the survey that was conducted in the UK. This level of consistency from respondents also suggest that their responses were not just a mere academic guess, rather it was knowledge-based answers. Secondly, the calculated Mann Whitney also reveal there is no significant difference in the numbers of qualified Accountants and non-qualified Accountants in their responses to Q19. This means that qualified and non-qualified Accountants opted for strongly disagree/disagree on Q19.

The interpretation that can be reached from the above analysis within the context of this question based on the available evidence from the survey is that capping strategy if implemented in the UK will positively stimulate competition in the UK audit market.

Table 6.19: Respondents' frequency on question number nineteen

Q19

Categories			Frequency	Percent	Valid Percent	Cumulative Percent
NON-QUALIFIED ACCOUNTANTS	Valid	Strongly Disagree	128	42.2	42.4	42.4
		Disagree	128	42.2	42.4	84.8
		Neutral	5	1.7	1.7	86.4
		AGREE	9	3.0	3.0	89.4
		Strongly AGREE	32	10.6	10.6	100.0
		Total	302	99.7	100.0	
	Missing	System	1	.3		
	Total		303	100.0		
QUALIFIED ACCOUNTANT	Valid	Strongly Disagree	62	25.7	25.9	25.9
		Disagree	145	60.2	60.7	86.6
		Neutral	5	2.1	2.1	88.7
		AGREE	9	3.7	3.8	92.5
		Strongly AGREE	18	7.5	7.5	100.0
		Total	239	99.2	100.0	
	Missing	System	2	.8		
	Total		241	100.0		

Source: field work compiled from questionnaire 2019

6.2.14 NUMBER OF REGISTERED AUDITORS IN THE UK WITHOUT CAPPING

The descriptive statistical information as depict in table 6.19 below was derived from question number twenty within the questionnaire which asked respondents "to what extent do you agree that the number of registered auditors in the UK will continue to decrease if auditors' liability capping is not resolved?"

Recall that finding from question number sixteen from the survey revealed that auditors' liability can discourage young talent from venturing into audit profession in the UK. By implication, the number of register auditors in the UK will continue to decline if liability problem is not resolved. In the same vein, the finding from table 4 as evidenced in the preceding chapter revealed that the number of registered audit firms in the UK is decreasing on annual basis. A similar trend was found in table 5 within the preceding chapter. Thus, the number of individuals that hold audit qualification is decreasing on annual basis. Recall that the number of registered auditors in the UK is a function of the number of individuals that hold audit qualifications. By inference, if the number of individuals that hold audit qualification in the UK are decreasing on annual basis, it could be interpreted that the number of registered auditors in the UK will continue to decrease soon. However, in the interim, these findings are regarded to be a hypothetical one before the analysis from the survey within the same question.

In response to this very question as evidenced in table 6.19 below, on aggregate, the total number that strongly agree/agree that the number of registered auditors in the UK will continue to decrease if liability problem is not resolve was 537. This represents 98.71% of the legitimate sample. However, the total number of respondents that strongly disagree/disagree was 0. On the other hand, the total number that stayed neutral to this question was 2. The number of respondents that stayed neutral are ignored because their neutral position wouldn't aid the analysis.

Within the same Q20, 302 non-qualified Accountants strongly agree/agree, and this represents 56.24% in relation to the 537 respondents that strongly agree/agree to this question. In the same vein, 235 qualified Accountants in the UK strongly agree/agree to Q20, and this represents 43.76%. A similar statistical calculation as evidenced in table 6.3 above reveal that the calculated mean and standard deviation of qualified Accountants in the UK was 4.59 and 0.50 respectively, while that of non-qualified was 4.65 and 0.49 respectively. In the same vein, Mann Whitney U test calculated at 0.18 as evidenced in table 6.6 above suggest that there was no variance between the respondents that strongly agree/agree and those that strongly disagree/disagree. The interpretation that can be reached from the above analysis within the context of this question is that the number of registered auditors in the UK will continue to decline if their professional liability issues is not resolved.

Table 6.20: Respondents' frequency on question number twenty

Q20

Categories			Frequency	Percent	Valid Percent	Cumulative Percent
NON-QUALIFIED ACCOUNTANTS	Valid	Neutral	1	.3	.3	.3
		AGREE	105	34.7	34.7	35.0
		Strongly AGREE	197	65.0	65.0	100.0
		Total	303	100.0	100.0	
QUALIFIED ACCOUNTANT	Valid	Neutral	1	.4	.4	.4
		AGREE	95	39.4	40.3	40.7
		Strongly AGREE	140	58.1	59.3	100.0
		Total	236	97.9	100.0	
	Missing	System	5	2.1		
	Total		241	100.0		

Source: field work compiled from questionnaire 2019

6.2.15 NUMBER OF REGISTERED AUDITORS IN THE UK AND LARGE LEGAL LIABILITY

The available evidence within Q20 from the survey revealed that the number of registered auditors in the UK will continue to decline if auditor's liability issues is not resolved. Therefore, Q21 from the survey becomes a derivative based on the following question that the respondents were asked. Thus, "to what extent do you agree that the decrease in the number of registered auditors in the UK is due to large legal claims against auditors?" The essence of this question was to enable readers to gain a better understanding regarding the functional relationship that could exist between the number of registered auditors in the UK and large legal claims against auditors in the UK.

In response to this specific question as evidenced in table 6.20 below, on aggregate, the total number that strongly agree/agree were 536. This represents 98.71% of the legitimate sample. However, the total number of respondents that strongly disagree/disagree were 2 and this represents 0.37% of the legitimate sample. Therefore, the spread that was found between those respondents that strongly agree/agree and those that strongly disagree/disagree was 534. This significantly represents approximately 98.34% of the legitimate sampled population.

Within table 6.6 above, while the mean and standard deviation of qualified Accountants were calculated to be 4.73 and 0.49 respectively, that of non-qualified Accountants were calculated to be 4.68 and 0.45 respectively. When these descriptive statistical results were compared in table 6.6 above within Q21, Mann Whitney U test was calculated to be 0.12. This suggest that there is no significant difference in the numbers of qualified Accountants and non-qualified Accountants in their responses to Q21. This means that almost all the qualified and non-qualified Accountants opted for strongly agree/agree on Q21.

From the above descriptive statistical information, it can be deduced that the finding from Q20 from the survey is corroborating indirectly the finding from Q21 from the same survey. Thus, that the consistent decrease in the number of auditors in the UK on annual basis is contingent upon auditors in the UK professional large legal liability The limited interpretation or conclusion that can be reached within the context of this question based on the available evidence from the survey is that the decrease in the number of registered statutory auditors in the UK on annual basis has bearing with large legal claims against auditors in the UK.

Table 6.21: Respondents' frequency on question number twenty-one

Q21

Categories			Frequency	Percent	Valid Percent	Cumulative Percent
NON-QUALIFIED ACCOUNTANTS	Valid	Neutral	1	.3	.3	.3
		AGREE	95	31.4	31.5	31.8
		Strongly AGREE	206	68.0	68.2	100.0
		Total	302	99.7	100.0	
	Missing	System	1	.3		
	Total		303	100.0		
QUALIFIED ACCOUNTANT	Valid	Disagree	2	.8	.8	.8
		AGREE	59	24.5	24.6	25.4
		Strongly AGREE	179	74.3	74.6	100.0
		Total	240	99.6	100.0	
	Missing	System	1	.4		
	Total		241	100.0		

Source: field work compiled from questionnaire 2019

6.2.16 REGISTERED AUDITORS IN THE UK COULD DECLINE FURTHER

Within the context of Q20 in the survey, I found out that the number of registered statutory auditors are decreasing on annual basis. Q21 from the same survey find out that the decrease number of registered external auditors in the UK has bearing with large legal liability claims against them. Therefore, Q22 from the same survey is deriving its value or position based on the following assertion or statement. Thus, "the number of registered external auditors in the UK could further decline in the future if their professional liability problem is not solved. To what extent do you agree with the above statement?" The essence of this question is to gain an understanding and compare the finding from question number twenty to the finding from Q22 from the same survey. This is expected to reveal how knowledgeable the respondents were and the degree of corroboration and variance that could be find within these two similar questions.

As evidenced in table 6.21 below regarding responses to the above-mentioned assertion, 538 respondents strongly agree/agree to this statement. This represents 99.26% of the legitimate population. On the other hand, the number of respondents that strongly disagree/disagree to the same statement was 1. This represents 0.2% of the population sampled. Based on these responses, a variance of 537 was found between those respondents that strongly agree/agree and those that strongly disagree/disagree, and this represents approximate 99.2% of the legitimate sample.

Within table 6.6 above, mean and standard deviation of qualified Accountants in the UK in relation to their responses from Q22 were 4.72 and 0.52 respectively, while that of non-qualified Accountants were 4.73 and 0.45 respectively. A comparison of these statistical results as evidenced in table 6.6 above within the same question, Mann Whitney U was calculated to be 0.86. This means that there is no significant difference in the numbers of Qualified Accountants and Non-qualified Accountants in their responses on Q22. Thus, that most of the Qualified and Non-qualified Accountants opted for strongly agree/agree on Q22.

A simple comparison of the respondents' rate within question number twenty and twenty-two in the survey suggest that the respondents understand the question despite the difference is phrases within each question. Another finding is that the respondents' rate within number twenty-one and twenty-two from the survey corroborate each other. By interpretation within the context and findings from Q21 and Q22 from the survey, it can be reasonably concluded that the number of registered statutory auditors in the UK will continue to decline in the future if their liability issue is not resolved.

Table 6.22: Respondents' frequency on question number twenty-two

Q22

Categories			Frequency	Percent	Valid Percent	Cumulative Percent
NON-QUALIFIED ACCOUNTANTS	Valid	Neutral	1	.3	.3	.3
		AGREE	81	26.7	26.8	27.2
		Strongly AGREE	220	72.6	72.8	100.0
		Total	302	99.7	100.0	
	Missing	System	1	.3		
	Total		303	100.0		
QUALIFIED ACCOUNTANT	Valid	Disagree	1	.4	.4	.4
		Neutral	2	.8	.8	1.3
		AGREE	60	24.9	25.0	26.3
		Strongly AGREE	177	73.4	73.8	100.0
		Total	240	99.6	100.0	
	Missing	System	1	.4		
	Total		241	100.0		

Source: field work compiled from questionnaire 2019

6.2.17 RISK OF OLIGOPOLY BE PROMOTED IN THE UK AUDIT MARKET

Within the ambit of question number twenty from the survey that was conducted in the UK, I found out that the number of registered statutory auditors in the UK will continue to decrease in the future if their professional liability problem is not resolved. Q21 from the same survey was constructed in order to possibly understand whether the decrease in the number of registered auditors in the UK has a bearing with their professional liability issue. I find out within this specific question that the decrease in the number of registered auditors in the UK has a positive correlation with auditors' liability issues in the UK. A similar finding was made within Q22 from the same survey.

Thus, that the number of registered statutory auditors in the UK could further decline in the future if their liability issue is not resolved.

The findings from Q21 – Q22 revealed that the respondents understand the questions they were asked. Thus, the responses from those questions positively corroborate each other. Therefore, the emergence of Q23 from the same survey is a derivative, attempting to further probe respondents understanding and consistency as mentioned above by asking “to what extent do you agree that oligopoly could be promoted in the UK market if the number of registered external auditors continue to decline”?

In response to the above question, 541 respondents strongly agree/agree to this question as revealed in table 6.22 below. This represents 99.8% of the legitimate population that was sampled. On the other hand, the number of respondent that strongly disagree/disagree with the above statement was only 1 and this represents 0.2% of the population that was sampled. This resulted to a variance of 540 in relation to the legitimate sample. The calculated variance as mentioned above represents approximately 99.6% of the legitimate sample. While 239 qualified Accountants in the UK strongly agree/agree to this question, 302 non-qualified Accountants strongly agree/agree to this question. Within the same question, the mean and standard deviation of the qualified Accountants were calculated to be 4.56 and 0.52 while that of non-qualified Accountants were calculated to be 4.64 and 0.48 respectively as evidenced in table 6.6 above. When this statistical information was compared in table 6.4 above within the same question, Mann Whitney U test was calculated to be 0.07. This simply implies that there is no significant difference in the numbers of Qualified Accountants and Non-qualified Accountants in their responses on Q23. This also means that almost all the Qualified and Non-qualified Accountants opted for strongly agree/agree on Q23.

The findings from question number twenty – twenty-three revealed a positive correlation as they corroborate each other and maintain a high degree of responses as evidenced within the study.

Within the boundary of these findings within this study, it could be interpreted that oligopoly could be promoted in the UK audit market should the number of registered auditors continue to decline.

Table 6.23: Respondents' frequency on question number twenty-three

Q23

Categories			Frequency	Percent	Valid Percent	Cumulative Percent
NON-QUALIFIED ACCOUNTANTS	Valid	AGREE	108	35.6	35.8	35.8
		Strongly AGREE	194	64.0	64.2	100.0
		Total	302	99.7	100.0	
	Missing	System	1	.3		
	Total		303	100.0		
QUALIFIED ACCOUNTANT	Valid	Disagree	1	.4	.4	.4
		AGREE	103	42.7	42.9	43.3
		Strongly AGREE	136	56.4	56.7	100.0
		Total	240	99.6	100.0	
	Missing	System	1	.4		
	Total		241	100.0		

Source: field work compiled from questionnaire 2019

6.2.18 FUTURE DEMAND AND SUPPLY FOR EXTERNAL AUDITORS IN THE UK

As evidenced in question number Q23 from the survey that was conducted in the UK, I found out that oligopoly could be promoted in the UK audit market if liability issue is not resolved. If this become the case in the UK audit market, the number of available auditors in the UK could potentially have adverse impact on the entire market and the integrity of financial statements in the future. Within this mind set, Q24 was constructed in order to possibly determine whether a degree of consistency will be maintained by the respondents hence Q24 was constructed as follows: "to what extent do you agree that demand for external auditors in the UK could become higher than their supply in the future if the liability issue is not resolved"?

In response to the above question as evidenced in table 23 below, 539 respondents strongly agree/agree to this question. This represents approximately 99.3% of the legitimate population that was sampled. On the other hand, the number of respondents that strongly disagree/disagree with the above statement were zero and there was no variance found between the respondents that strongly agree/agree and those that strongly disagree/disagree.

However, the number of respondents that stayed neutral to this specific question were as previously mentioned within this chapter, the researcher deemed it inexpedient to analyse respondents' rates that stayed neutral since their neutral position cannot aid the expected analysis within the study.

Within the same question, 237 qualified Accountants strongly agree/agree, while 302 non-qualified Accountants strongly agree/agree to the same question. A further analysis in the form of mean and standard deviation as evidenced in table 6.6 above revealed that while the mean and standard deviation of qualified Accountants were 4.74 and 0.47, that of non-qualified Accountants were 4.75 and 0.44 respectively. Comparison of these descriptive statistics resulted to Mann Whitney calculation of 0.84 as evidenced in table 6.6 above within the same question. This calculation fairly suggests that there is no significant difference in the numbers of Qualified and Non-qualified Accountants in their responses on Q24. Thus, that Qualified and Non-qualified Accountants in the UK opted for strongly agree/agree on Q24.

From the above descriptive analysis within Q23 and Q24 in the survey, it can be construed that the respondents maintained a high degree of consistency as the findings from both questions corroborate each other. If this wasn't the case, it would have become apparent that the respondents do not understand the questions they were asked. Alternatively, it could have been interpreted that the respondents were not knowledgeable within the premise of the questions that they were asked.

The conclusion that have been reached within the finding from this specific question in conjunction within the finding from the preceding question is that the demand for statutory auditors in the UK could become higher in the future compared to their supply if their liability issue is not resolved.

Table 6.24: Respondents' frequency on question number twenty-four

Q24

Categories			Frequency	Percent	Valid Percent	Cumulative Percent
NON-QUALIFIED ACCOUNTANTS	Valid	Neutral	1	.3	.3	.3
		AGREE	73	24.1	24.1	24.4
		Strongly AGREE	229	75.6	75.6	100.0
		Total	303	100.0	100.0	
QUALIFIED ACCOUNTANT	Valid	Neutral	3	1.2	1.3	1.3
		AGREE	57	23.7	23.8	25.0
		Strongly AGREE	180	74.7	75.0	100.0
		Total	240	99.6	100.0	
	Missing	System	1	.4		
	Total		241	100.0		

Source: field work compiled from questionnaire 2019

6.2.19 COMPANIES' FINANCIAL STATEMENT INTEGRITY BE AT RISK IN THE UK

Some of the findings within this chapter revealed that the number of registered statutory auditors in the UK are declining on annual basis and that this will continue in the foreseeable future if their liability issue is not resolved. Therefore, the primary objective of this question is to find out whether the declining rate of auditors in the UK could possibly impact on listed companies' financial statements integrity in the UK by asking the following question; "to what extent do you agree that listed companies' financial statements' integrity could be at risk if the number of registered auditors in the UK continue to decline"?

Recall that the core research question intends to understand how capping strategy if implemented could impact on listed companies' financial statements integrity in the UK. The inverse of this question formed the basis of Q25 within the survey that was conducted in the UK.

Finding from this specific question is expected to corroborate other findings as mentioned or refute them. If the finding from this question has a positive correlation with other findings within this section, it could be inferred that the respondents understand the questions, or they have a good knowledge about the questions they were asked thereby enhancing reliability of the study on the basis of consistency. However, if reverse becomes the case, thus that the finding from this specific question do not corroborate the findings from question number Q24 within the survey, critics could raise reliability question.

As a direct response to the above specific question, the number of respondents that strongly agree/agree was 540 and this represents 99.6% of the sampled population. However, the total number of respondent that strongly disagree/disagree were 1 and this represent 0.2% of the legitimate population. Consequently, a spread of 539 was found between those respondents that strongly agree/agree and those that strongly disagree/disagree. This represents approximately 99.5% of the legitimate sample. While 239 qualified Accountants strongly agree/agree, 301 non-qualified Accountants in the UK strongly agree/agree to this question. With table 6.6 above, mean and standard deviation of qualified Accountants were calculated to be 4.76 and 0.45. while that of non-qualified Accountants were 4.64 and 0.48 respectively. A further analysis in the form of comparison between the response of qualified and non-qualified

Accountants in the UK resulted to Mann Whitney calculation of 0.19 as evidenced in table 6.6 above. By interpretation, this means that there is no significant difference in the numbers of qualified and non-qualified Accountants in their responses to Q25. For example, both qualified and non-qualified Accountants opted for *Strongly Agree* and *Agree* on Q25.

It can be observed from the above descriptive statistics information as derived from table 6.6 and 6.19 that the specific finding from this question is having a positive correlation with the findings from Q20 – Q24 within the survey. Therefore, the expected reliability question from critics have been avoided in the ephemeral.

The conclusion that can be reached based on the finding from this question in conjunction with other findings from the preceding five questions from the survey as previously analysed within this study is that the financial statements integrity of listed companies' in the UK could be at risk in the future should the number of registered statutory auditors continue to decline in the UK.

Table 6.25: Respondents' frequency on question number twenty-five

Q25

Categories			Frequency	Percent	Valid Percent	Cumulative Percent
NON-QUALIFIED ACCOUNTANTS	Valid	Neutral	1	.3	.3	.3
		AGREE	84	27.7	27.8	28.1
		Strongly AGREE	217	71.6	71.9	100.0
		Total	302	99.7	100.0	
	Missing	System	1	.3		
	Total		303	100.0		
QUALIFIED ACCOUNTANT	Valid	Disagree	1	.4	.4	.4
		AGREE	54	22.4	22.5	22.9
		Strongly AGREE	185	76.8	77.1	100.0
		Total	240	99.6	100.0	
	Missing	System	1	.4		
	Total		241	100.0		

Source: field work compiled from questionnaire 2019

6.2.20 CAPPING INCREASING THE NUMBER OF REGISTERED EXTERNAL AUDITORS

Within the realm of Q25 being the preceding Q26 from the survey that was conducted in the UK, I found out that listed companies' financial statements integrity could be at risk in the future if the number of registered external auditors in the UK continue to decline. The essence of Q26 from the survey was to understand whether the findings from these two questions could have a positive or negative correlation. Thus, if a positive correlation is found, the issue of reliability with this specific question could possibly go into abyss. On the other hand, any incongruity found could potentially question the understanding of the respondents in relation to Q25 – Q26 within the survey. For example, Q26 from the survey make the following assertion and ask respondents to express their opinion on the assertion made. Thus, "a capping strategy can help to increase the number of registered external auditors in the UK and enhance financial statements' integrity. To what extent do you agree with the above statement"?

In response to the above assertion, the number of respondents that strongly agree/agree were 540 and this represents 99.63% of the sampled population. In the vein, the total number of respondent that strongly disagree/disagree was 1 and this represents 0.18% of the legitimate population. Consequently, a spread of 539 was found between those respondents that strongly agree/agree and those that strongly disagree/disagree. This represents approximately 99.45% of the legitimate sample.

Furthermore, while 238 qualified Accountants strongly agree/agree to this question, 302 non-qualified Accountants strongly agree/agree to the same question. A similar calculation was made in table 6.6 above. Thus, while the mean and standard deviation of qualified Accountants in the UK was calculated to be 4.56 and 0.53, that of non-qualified Accountants was calculated to be 4.64 and 0.48 respectively. What does this mean? The answer to this question can be found in table 6.6 above within the same question but with reference to Mann Whitney column. Thus, Mann Whitney was calculated to be 0.11. By interpretation, this means that there is no significant difference in the numbers of qualified and non-qualified Accountants in their responses on Q26. This also means that qualified and non-qualified Accountants opted for *Strongly Agree* and *Agree* on Q26.

By inference it can be concluded that the respondents understand the questions they were asked as a positive correlation was found between question number Q25 and Q26 from the survey as evidenced on in table 6.6. Based on this finding, it can also be construed that the expected reliability question from critics within this specific question has been dismissed without doubt.

The conclusion that can be reached based on the finding from this question in conjunction with the finding from the preceding questions from the survey as previously analysed within this study is that the financial statements integrity of listed companies' in the UK could be at risk in the future should the number of registered statutory auditors continue to decline in the UK and that a capping strategy could be a panacea to the aforementioned problem.

Table 6.26: Respondents' frequency on question number twenty-six

Q26

Categories			Frequency	Percent	Valid Percent	Cumulative Percent
NON-QUALIFIED ACCOUNTANTS	Valid	AGREE	109	36.0	36.1	36.1
		Strongly AGREE	193	63.7	63.9	100.0
		Total	302	99.7	100.0	
	Missing	System	1	.3		
	Total		303	100.0		
QUALIFIED ACCOUNTANT	Valid	Disagree	1	.4	.4	.4

		Neutral	1	.4	.4	.8
		AGREE	100	41.5	41.7	42.5
		Strongly AGREE	138	57.3	57.5	100.0
		Total	240	99.6	100.0	
	Missing	System	1	.4		
	Total		241	100.0		

Source: field work compiled from questionnaire 2019

6.2.21 AUDIT PROFESSION IN THE UK NOT GROWING WITHOUT CAPPING

The descriptive statistical information as depict in table 6.26 below was derived from Q27 within the questionnaire which asked respondents “to what extent do you agree with the opinion that the audit profession in the UK may not grow if auditors’ liability is not capped”?

Recall that finding from table 4 within the preceding chapter revealed that the number of registered auditors in the UK is decreasing on annual basis. A similar finding was made in table 6 within the same chapter. Thus, the number that hold audit qualification in the UK is decreasing on annual basis. It was also expressed within the chapter that the number of available auditors in the UK is contingent upon the number that hold audit qualification in the UK. In question number twenty from the survey, I found out that listed companies’ financial statements could be at risk in the future should the number of registered auditors in the UK continue to decline.

The finding from Q26 from the survey tends to find a solution to the risk factor as highlighted in Q25 from the survey by concluding that a capping strategy can help in enhancing listed companies’ financial statements integrity in the UK.

Based on the findings within the preceding chapter, thus that the number that hold audit qualifications and auditors are declining in the UK, one could have reasonably concluded that audit profession in the UK may not grow if this become the case in the future. However, this should be accepted to be a hypothetical finding until finding from table 6.26 below is fully analysed.

In response to this very question as evidenced in table 6.26 below, on aggregate, the total number that strongly agree/agree that audit profession in the UK may not grow without capping strategy were 539. This represents 99.4% of the legitimate sample. However, the total number of respondents that strongly disagree/disagree was 1 and this represents 0.2% of the legitimate sample.

Based on comparison between the respondents that agree/disagree with the above assertion, a spread of 538 was found and this represents approximately 99.3% of the legitimate sample. In the same vein, mean and standard deviation of qualified Accountants in the UK with reference to Q27 was 4.69 and0.49 while that of non-qualified Accountants was 4.73 and0.44 respectively as evidenced in table 6.6 above. A further analysis as evidenced in table 6.4 above resulted to Mann Whitney calculation of 0.36 with reference to Q27. This has been interpreted to mean that there is no significant difference in the numbers of qualified and non-qualified Accountants in their responses on Q27. This also means that both qualified and non-qualified Accountants in the UK opted for *Strongly Agree* and *Agree* on Q27.

From the descriptive statistical information as evidenced in table 6.6 and 6.26, the specific finding within Q27 from the survey corroborate other findings within this chapter as previously mentioned. Therefore, the veil of hypothetical finding as mentioned above is now lifted considering the fact that the specific finding from question number twenty-seven has a positive correlation with other findings within this chapter. Therefore, the interpretation that can be reached from the above analysis within the context of this question is that audit profession in the UK may not grow without a capping strategy.

Table 6.27: Respondents' frequency on question number twenty-seven

Q27

Categories			Frequency	Percent	Valid Percent	Cumulative Percent
NON-QUALIFIED ACCOUNTANTS	Valid	Neutral	1	.3	.3	.3
		AGREE	77	25.4	25.5	25.8
		Strongly AGREE	224	73.9	74.2	100.0
		Total	302	99.7	100.0	
	Missing	System	1	.3		
	Total		303	100.0		
QUALIFIED ACCOUNTANT	Valid	Disagree	1	.4	.4	.4
		Neutral	1	.4	.4	.8
		AGREE	68	28.2	28.3	29.2
		Strongly AGREE	170	70.5	70.8	100.0
		Total	240	99.6	100.0	
	Missing	System	1	.4		
	Total		241	100.0		

Source: field work compiled from questionnaire 2018

6.2.22 AMBIQUITY IN DEFINITION OF AUDITORS' DUTIES AND RESPONSIBILITIES

The descriptive statistical information as evidenced in table 6.27 below was derived from Q28 within the questionnaire which asked respondents "to what extent do you agree that the definition of auditors' duties and responsibilities in the UK is subject to presiding judges' legal opinion or erudition"? This is a stand-alone question as it doesn't derive its value from other questions from the survey.

The starting point within this analysis is from court verdicts of London and General Bank (1895) and Cotton Mill (1896) (Pallisserry, 2012; *ACCA,2013;* Collings, 2014). The antecedent that surrounded the first case concerned the adequacy of security on bank loans and the degree of professional scepticism maintained by the auditors. Thus, the auditors (Mr. Pickering and Mr. Peasegood), recognised bank loans as assets as reported in the financial statements of the bank, which were prepared and presented by the company's directors. Upon this understanding, the auditors issued unqualified audit report. The report stated that the financial statements of the bank represented a “true and fair view” of the company’s financial status. Consequently, dividend was declared and paid. (BPP Learning Media, 2016; Pallisserry, 2012; Collings, 2014).

It later emerged that dividend was paid out of the capital of the company. Consequently, the auditors were sued by the shareholders. The presiding Judge in the lower court found the auditor guilty of negligence. (Pallisserry, 2012)

However, in the Appeal Court, Lindley LJ who was the presiding Judge overturned the previous court's decision and his opinion on the auditor's duty is as follows:

> *the duty of an auditor is to convey information, not to arouse inquiry and although an auditor might infer from an unusual statement that something was seriously wrong, it by no means followed that ordinary people would have their suspicions aroused. It is not the auditor's duty to guarantee the books showing the true position of the company's affairs or to guarantee that the balance-sheet was accurate.*

In the case of Kingston Cotton Mill (No 2) [1895], the auditors (Messrs Pickering & Peasegood) relied on the inventory certificate as presented by the company’s director. The auditor relied on the certificate without conducting a physical inventory count. Therefore, the auditor issued unqualified audit report. Thus, that the financial statements of the company represented a true and fair view of the company’s financial position. Based on this, dividend was declared and paid. It later emerged that the dividend paid was from the working capital of the company as the reported inventory values were inflated by the company’s director for personal aggrandisement motive. Consequently, the presiding Judge Vaughan Williams J found the auditor guilty of negligence. That the auditor ought to have taken reasonable step in validating the accuracy of the inventory report as presented by the company’s director.

However, Justice Lopes L.J who was the presiding Judge in the Appeal Court overturned the decision in his famous judgement as follows:

> *It is the duty of an auditor to bring to bear on the work he has to perform that skill, care and caution which a reasonably competent, careful and cautious auditor would use. What is reasonable skill, care and caution must depend on the particular circumstances of each case. An auditor is not bound to be a detective or as was said to approach his work with suspicion or with a foregone conclusion that there is something wrong. He is a watchdog but not a bloodhound. He is justified in believing tried servants of the company in whom confidence is placed by the company.* (BPP Learning Media, 2016; Pallisserry, 2012; *ACCA,2013;* Collings, 2014).

It is apparent from the above paragraphs that the duties and responsibilities of auditors in the UK is subject to the presiding Judge's legal stance or erudition. However, the essence of this question is to find out whether empirical evidence will support the above claim from literature in order to possibly provide a plausible recommendation.

In response to this very question as evidenced in table 6.27 below, on aggregate, the total number that strongly agree/agree that the definition of auditors' duties and responsibilities in the UK were subject to the presiding Judge legal stance or erudition were 532. This represents 97.79% of the legitimate sample. However, the total number of respondents that strongly disagree/disagree were 1 and this represents 0.02% of the legitimate sample.

Based on comparison between the respondents that agree/disagree with the above assertion, a spread of 531 was found and this represents approximately 97.61% of the legitimate sample.

Within table 6.6 above, while the mean and standard deviation of qualified Accountants in relation to their responses to Q28 were 4.51 and 0.53, and that of non-qualified Accountants in the UK were 4.57 and 0.67 respectively. A statistical comparison in relation to these finding as evidenced in table 6.4 revealed Mann

Whitney test value at 0.45. This simply mean that there is no significant difference in the numbers of qualified and non-qualified Accountants in their responses on Q28. Thus, that most of the qualified and non-qualified Accountants opted for s*trongly* agree/ agree on Q28.

From the descriptive statistical information, the specific finding within question number twenty-eight from the survey corroborate other findings from literature as previously mentioned. Therefore, the interpretation that can be reached from the above analysis within the context of this question are of two folds: firstly, that there is an issue in the form of auditors' duties and responsibilities definition in the UK as incongruous verdicts have been found among the presiding Judges. Secondly that the improper definition of auditors' duties and responsibilities in the UK will continue to impact on statutory auditors' liability in the UK.

Finally, both empirical and literature suggest that the above claim is true as they corroborate each other. Thus, that the duties and responsibilities of auditors in the UK is subject to presiding Judge legal stance or erudition.

Table 6.28: Respondents' frequency on question number twenty-eight

Q28

Categories			Frequency	Percent	Valid Percent	Cumulative Percent
NON-QUALIFIED ACCOUNTANTS	Valid	Disagree	10	3.3	3.3	3.3
		AGREE	99	32.7	32.7	36.0
		Strongly AGREE	194	64.0	64.0	100.0
		Total	303	100.0	100.0	
QUALIFIED ACCOUNTANT	Valid	Disagree	1	.4	.4	.4
		AGREE	114	47.3	47.5	47.9
		Strongly AGREE	125	51.9	52.1	100.0
		Total	240	99.6	100.0	
	Missing	System	1	.4		
	Total		241	100.0		

Source: field work compiled from questionnaire 2019

6.2.23 AUDITORS' LIABILITY AND NEGLIGENCE LEVEL

Within the ambit of question number Q28 being the preceding Q29 from the survey that was conducted in the UK, I found out that the duties and responsibilities of auditors in the UK lacked the quality of indisputable definition hence Judges pronounced incongruous judgements in their verdicts. It was also mentioned that an auditor is a "watchdog but not a bloodhound" According to the learned Judge Lopes, an auditor is appointed by the shareholders of a limited liability company. Therefore, he is expected to play the key role of a watchdog, thereby representing the best interest of the shareholders. Thus, unlike a bloodhound whose duty is that of a detective.

The essence of this question therefore is to find out whether empirical finding within Q29 could corroborate or refute finding from existing literature as mentioned above by asking the following question; "to what extent do you agree that auditors' liability should be based on the level of auditors' negligence and not auditors' inability to detect concealed information"

In response to the above assertion, the number of respondents that strongly agree/agree were 239 and this represents 43.93% of the sampled population. In the vein, the total number of respondent that strongly disagree/disagree were 294 and this represent 54.04% of the legitimate population. Consequently, a spread of 55 was found between those respondents that strongly agree/agree and those that strongly disagree/disagree. This represents 10.11% of the legitimate sample.

As evidenced in table 6.6 above, while the mean and standard deviation of qualified Accountants in the UK in relation to their response in Q29 were 4.73 and 0.48, that of non-qualified Accountants were 1.32 and 0.53. In the same vein, Mann Whitney U test as evidenced in table 6.9 above within the same question was calculated to be 0.00. What does this statistical information mean? By interpretation, this means that there is significant difference in the numbers of qualified and non-qualified Accountants in their responses on Q29.

Based on available evidence from empirical findings, it has become practically difficult to have unbiased interpretation. Therefore, the conclusion that can be reached from the above analysis within the context of Q29 is indecisive.

Table 6.29: Respondents' frequency on question number twenty-nine

Q29

Categories			Frequency	Percent	Valid Percent	Cumulative Percent
Qualified Accountants	Valid	Disagree	1	.4	.4	.4
		Neutral	1	.4	.4	.8
		Agree	59	24.5	24.5	25.3
		Strongly Agree	180	74.7	74.7	100.0
		Total	241	100.0	100.0	
Non-Qualified Accountants	Valid	Strongly Disagree	217	71.6	71.6	71.6
		Disagree	76	25.1	25.1	96.7
		Neutral	10	3.3	3.3	100.0
		Total	303	100.0	100.0	

Source: field work compiled from questionnaire 2019

6.2.24 COLOSSAL CLAIMS AGAINST AUDITORS IN THE UK

Empirical finding regarding Q29 from the survey that was conducted in the UK revealed that there is significant difference between the qualified and non-qualified Accountants in the UK in terms of opinion, thereby reflecting the controversial concept of a watchdog and bloodhound. However, there is more to know about large legal claims against auditors in the UK, hence the emergence of Q30 which asked respondents "to what extent do you agree that colossal claims are made against auditors in the UK based on their affordability (deep pockets)"?

In response to the above assertion as evidenced in table 6.29 below, the number of respondents that strongly agree/agree were 237 and this represents approximately 43.57% of the sampled population. In the vein, the total number of respondent that strongly disagree/disagree were 391. Consequently, there was a spread 154 between those respondents that strongly agree/agree and those that strongly disagree/disagree, and this represents 28.31% of the legitimate sample.

While 237 qualified Accountants strongly agree/agree to this question, only 2 non-qualified Accountants strongly agree/agree to this s same question.

As evidenced in table 6.6 above, the mean and standard deviation of qualified Accountants in relation to their responses were 4.73 and 0.54, while that of non-qualified Accountants were 1.26 and 0.49 respectively. When this statistical information was compared in table 6.6 above, Mann Whitney U test was calculated at 0.00. This has been construed to mean that there is significant difference in the numbers of qualified and non-qualified Accountants in their responses on Q30.

According to (Davies, 2010) the bases of listed companies' directors' exoneration from legal claims have been on the ground of unaffordability. Thus, that shareholders sue the external auditors because the external auditors do have the financial muscles to flex (deep pockets) in terms of legal settlement or fine which the individual directors may not be able to afford, even the audit committee.

It is apparent from the above finding within the literature that colossal legal claims against auditors in the UK is because of auditors' affordability and not on the degree of their professional negligence although survey finding does not agree with this. If this trend should continue in the UK, the interpretation that can be reach is simple. Thus, listed companies' financial statements will continue to be defective as those who are responsible for the financial statements' massaging are not punished. If this become the case, the primary objective of financial statements which is to reveal the true and fair view of companies' affairs will become a mirage to the detriment of investors and statutory auditors in the UK.

Table 6.30: Respondents' frequency on question number thirty

Q30

Categories			Frequency	Percent	Valid Percent	Cumulative Percent
Qualified Accountants	Valid	Strongly Disagree	1	.4	.4	.4
		Disagree	1	.4	.4	.8
		Neutral	2	.8	.8	1.7
		Agree	55	22.8	22.8	24.5
		Strongly Agree	182	75.5	75.5	100.0
		Total	241	100.0	100.0	
Non-Qualified Accountants	Valid	Strongly Disagree	231	76.2	76.2	76.2
		Disagree	68	22.4	22.4	98.7
		Neutral	2	.7	.7	99.3
		Agree	2	.7	.7	100.0
		Total	303	100.0	100.0	

Source: field work compiled from questionnaire 2019

6.2.25 LEGAL CLAIMS AGAINST STATUTORY AUDITORS AND FAIR PENALTY

Finding in the form of empirical within the preceding question revealed that there is significant difference in terms of opinion between the qualified and non-qualified Accountants in the UK. It can be inferred that there is more to know about penalty from auditor's perspective. Therefore, the essence of Q30 from the survey is to shed more light into this dark area by asking respondents the following question: "to what extent do you agree with the opinion that legal claims against external auditors in the UK by shareholders is not a fair penalty"?

In response to the above assertion as evidenced in table 6.30 below, the number of respondents that strongly agree/agree were 241 and this represents 44.30% of the sampled population. In the same vein, the total number of respondent that strongly disagree/disagree was 302 and this represents 55.51% of the sampled population Consequently, a spread of 61 was found between those respondents that strongly agree/agree and those that strongly disagree/disagree, and this represent 11.21% of the legitimate sample.

The mean and standard deviation of qualified Accountants in the UK in relation to their responses within Q31 were 4.50 and 0.52 while that of non-qualified Accountants were 1.30 and 0.50 respectively. Within table 6.6 above, Mann Whitney U test was calculated to be 0.00. This fairly suggest there is significant difference in the numbers of qualified Accountants and non-qualified Accountants in their responses on Q31. Thus, that both qualified and non-qualified Accountants disagree on Q31.

Recall that according to European Union, *(*2008); Davies, (2010); and Arthur, et al., (1992) the above-mentioned treatment is unfair from the external auditors' perspective. They argued that it is not the external auditor that usually create the defectiveness of financial statements. Therefore, it is unfair for the external auditors to pay for the wrongdoing of other (scapegoating). In the same vein, empirical finding within the context of Q31 corroborates the above literature view. The conclusion that can be reached within the context of Q31 is that legal claims against auditors by shareholders in the UK in not a fair punishment for wrongdoing between directors and statutory auditors in the UK.

Table 6.31: Respondents' frequency on question number thirty-one

Q31

Categories			Frequency	Percent	Valid Percent	Cumulative Percent
Qualified Accountants	Valid	Disagree	1	.4	.4	.4
		Agree	111	46.1	46.1	46.5
		Strongly Agree	129	53.5	53.5	100.0
		Total	241	100.0	100.0	
Non-Qualified Accountants	Valid	Strongly Disagree	195	64.4	64.4	64.4
		Disagree	106	35.0	35.0	99.3
		Neutral	1	.3	.3	99.7
		Agree	1	.3	.3	100.0
		Total	303	100.0	100.0	

Source: field work compiled from questionnaire 2019

6.2.26 AUDITORS ACCOUNTABLE FOR MATERIAL MISSTATEMENTS

Based on empirical finding within Q31 from the survey, it was established that the large legal claims against auditors in the UK has been deemed to be unfair penalty. This is where Q32 from the same survey stands by asking respondents the following question: "to what extent do you agree that it is unfair to wholly and exclusively hold only the auditors responsible for any material misstatements in the financial statements in the UK"?

In response to the above assertion as evidenced in table 6.31 below, the number of respondents that strongly agree/agree were 531 and this represents 97.78% of the sampled population. In the same vein, the total number of respondent that strongly disagree/disagree was 10 and this represents 1.84 of the legitimate sample. Consequently, a variance of 521 was found between those respondents that strongly agree/agree and those that strongly disagree/disagree, and this represents 95.95% of the legitimate sample.

Within table 6.6 above, the mean and standard deviation of qualified Accountants in the UK in relation to their response within Q32 were 4.74 and 0.44 and that of non-qualified Accountants were 4.62 and 0.67 respectively. A comparison of these information as revealed in table 6.4 above revealed a calculated Mann Whitney U test of 0.95 The interpretation to these statistical calculations is that there is no significant difference in the numbers of qualified Accountants and non-qualified Accountants in their responses on Q32. This further mean that both qualified and non-qualified Accountants opted for *Strongly Agree* and *Agree* on Q32.

A similar finding was made during the semi-interview that was conducted in the UK. For example, according to Doubtful who is currently working as senior audit partner in one of the big four audit firm in the UK,

> *"auditors in the UK cannot be 100% exonerated from the misstatement of financial statements in the UK. The UK government has acknowledged this; hence legislation has changed in relation to company Act of 2000 and 2006 to possibly lessen the burden of auditors' liability in the UK. However, it is unfair based on the current practice in the UK that auditors are wholly and exclusively held accountable for the misstatement of financial statements in the UK"*.

Doubtful argued that it is unreasonable to single out auditors in the UK and hold them accountable for the defectiveness of financial statements while other parties like company directors, company's audit committee and company's chief accountant who oversees internal control mechanism efficacy are not punished.

In the same vein, the argument of Great who currently work for one of the top 5 audit firm in the UK corroborates the point Doubtful raised above. According to Great,

> *"because the UK government is reluctant to punish fairly all the parties that are arguably responsible for the defectiveness of financial statements in the UK, this action can be construed to mean unfair treatment of auditors in the UK"*.

Based on the available evidence from empirical findings as evidenced within this section, it can be construed that it is unfair to holistically held auditors in the UK liable for listed companies' financial statements misstatement. If this interpretation is deemed acceptable by critics, then the need to cap auditors' liability in the UK could be deemed justified.

Table 6.32: Respondents' frequency on question number thirty-two

Q32

Categories			Frequency	Percent	Valid Percent	Cumulative Percent
NON-QUALIFIED ACCOUNTANTS	Valid	Disagree	10	3.3	3.3	3.3
		Neutral	1	.3	.3	3.6
		AGREE	84	27.7	27.8	31.5
		Strongly AGREE	207	68.3	68.5	100.0
		Total	302	99.7	100.0	
	Missing	System	1	.3		
	Total		303	100.0		
QUALIFIED ACCOUNTANT	Valid	AGREE	62	25.7	25.8	25.8
		Strongly AGREE	178	73.9	74.2	100.0
		Total	240	99.6	100.0	
	Missing	System	1	.4		
	Total		241	100.0		

Source: field work compiled from questionnaire 2019

6.2.27 DUTIES AND RESPONSIBILITY OF AUDITORS IN THE UK

Recall that empirical finding within Q28 revealed that the duties and responsibilities of auditors in the UK are not properly defined hence incongruous verdicts were found in Judges' pronouncements based on their legal stance or erudition. Thus, to gain further understanding regarding the duties and responsibilities of auditors in the UK in relation to legal definition. To possibly establish this understanding, the following question was asked: "to what extent do you agree that the duties and responsibility of auditors in the UK should be redefined in law without ambiguity"?

In response to the above assertion as evidenced in table 6.32 below, the number of respondents that strongly agree/agree were 531 and this represents 97.61% of the sampled population. In the same vein, the total number of respondent that strongly disagree/disagree were 10 and this represents 1.84% of the legitimate sample. Consequently, a variance of 521 between those respondents that strongly agree/agree and those that strongly disagree/disagree, and this represents 95.77% of the legitimate population. In the same vein, within table 6.6 above, mean and standard deviation of qualified Accountants in the UK in relation to their responses within Q33 were 4.74 and 0.422 while that of non-qualified Accountants were 4.66 and 0.65. A comparison of these calculations as evidenced in table 6.4 above revealed a calculated Mann Whitney U test of 0.18. By interpretation, this simply mean that there is no significant difference in the numbers of qualified Accountants and non-qualified Accountants in their responses on Q33. Thus, that both qualified and non-qualified Accountants opted for *Strongly Agree* and *Agree* on Q33.

It can be observed that the finding from this specific question correlates positively with the finding from Q28 from the survey. In the absence of dichotomies in terms of respondents' views on this specific assertion as mentioned above, interpretation of these findings could take the following forms: firstly, it could be interpreted based on the number of respondents that agreed with the above assertion. Thus, if the total percentages of those who agreed to the above statement is used as a parameter for measuring the validity of this specific assertion in consonance with the corroborations that was found above, the final interpretation that could be reached is that it is true that the duties and responsibilities of auditors in the UK need to be redefined without ambiguity as a matter of law.

Table 6.33: Respondents' frequency on question number thirty-three

Q33

Categories			Frequency	Percent	Valid Percent	Cumulative Percent
NON-QUALIFIED ACCOUNTANTS	Valid	Disagree	10	3.3	3.3	3.3
		AGREE	73	24.1	24.1	27.4
		Strongly AGREE	220	72.6	72.6	100.0
		Total	303	100.0	100.0	
QUALIFIED ACCOUNTANT	Valid	AGREE	55	22.8	23.1	23.1
		Strongly AGREE	183	75.9	76.9	100.0
		Total	238	98.8	100.0	
	Missing	System	3	1.2		
	Total		241	100.0		

Source: field work compiled from questionnaire 2019

6.3 Further Discussion

This section elucidates the connections between some of the findings within the previous chapter being the semi-structured interview that was conducted in the UK and relevant literature, thereby highlighting how the research questions were answered, the significance of the study in the form of unexpected or expected findings. Recall that the purpose of this study was to gain understanding in the light of the following research questions. RQ1: Will auditors in the UK maintain a professional scepticism attitude If their professional liabilities are capped? RQ2: Can auditors' liability capping help to demonopolize the current UK audit market? RQ3: Can audit profession in the UK survive and grow should the UK Chartered Accountants are continuously exposed to unlimited liability business risk. RQ4: What are the sources and drivers of auditors' liability in the UK?

In order to possibly answer the above research questions the study was conducted empirically through semi-structured face-to face interviews with thirty statutory auditors in the UK, online survey and the review of relevant literature as discussed below.

6.3.1 Whether auditors in the UK maintain a professional scepticism attitude

Precisely, findings from semi-structured interview and the online survey that was conducted in the UK within the study revealed unequivocal findings. Thus, that auditors in the UK will maintain a professional scepticism attitude if their professional liability is capped. For example, in specific terms, 90% of the participants voiced this opinion during the interview process. However, 4% opined that auditors in the UK would relax their professional attitude, while 6% declined to the question on whether auditors in the UK will relax their professional scepticism attitude if their liability is capped.

However, within the context of the online survey that was conducted in the UK in relation to the study as evidence in table 6.2 above, 96.7% of non-qualified Accountants in the UK strongly disagree/disagree, while 60.3% of the qualified Accountants in the UK strongly disagree/disagree that Auditors in the UK will relax their professional scepticism attitude if their professional liability is capped. These findings are in conformity with London Economics (2006) finding. It can be argued that London Economies finding was specifically European based and not the UK alone. In the same veil, it can be argued further that the above findings are in consonance with the arguments of (Zang, et al., 2010; Yu, et al., 2013). They argued that despite the claim that the big four dominants the audit market, the quality of audit report has improved over the decade in the UK. This simply implies that if audit quality has improved over the years in the UK despite the claim of audit market monopolisation by the big four audit firms, auditor's professional liability capping could prosper financial statements integrity in the UK because auditors' liability capping could stimulate a healthy competition in the UK audit market.

The uniqueness of the above findings is of threefold: firstly, the study uses triangulation (the exploration of various data sources in order to possibly form a solid validity (semi-structure interview, online survey and relevant literature) thereby creating a better understanding within the context of the study questions. Secondly, the study principally focused on the UK economy, thereby illuminating into the dark area which has formed a knowledge gap in the accounting literature. Thirdly the criticism that was levelled against London Economics finding that principally focused on European economy holistically was avoided completely.

The unexpected finding in this study within the ambit of RQ1 was the high degree of disagreement that was reached between the qualified and non-qualified Accountant in the UK. I expected a significant variance within the responses from qualified and non-qualified Accountants in the UK in relation the RQ1. In contrast, as evidenced in table 6.4 within this chapter, Mann Whitney U test of .308 was calculated. What does this mean? Firstly, it can be construed that the qualified Accountants in the UK were not bias in response to their questions. Secondly, this means that there was no significant difference in terms of opinion between the quailed and non-qualified Accountants in the UK.

Though the above findings appear to be proclamatory, critics could ponder to understand why auditor's professional liability has not been capped in the UK just as it is in Germany, Belgium and Greece? The answer to this question is of twofold: firstly, the question is beyond the objective of the study. Secondly, the question is simply suggesting that there is need for further study within this tropical topic.

6.3.2 Whether capping can demonopolize the current UK audit market

Findings from semi-structure interview and online survey that was conducted in the UK within the study corroboratively revealed that capping can help to reduce monopoly in the UK audit market. While 100% of the interviewee in the UK expressed this opinion as evidenced in chapter five of this study, 99.2% respondents regarding the online survey that was conducted in the UK within the study strongly agree/agree that capping can help to demonopolize the UK current audit market that is dominated by the big four. Within the sphere of RQ2, regarding the online survey that was conducted in the UK, there were series of probing questions as evidenced in chapter five of this thesis. For instance, Q14, Q15, and Q17 were probing questions. The essence was to gauge the respondents understanding in relation to the questions that they have been asked in order to possibly gain an in-dept understanding regarding the degree of consistency or variance in their responses. Surprisingly, respondents maintained a high degree of positive consistencies in their answers. This further revealed that respondents understand the question they were asked.

Furthermore, both empirical findings within this study are in consonance with some literature. Thus, according to London Economics (2006), the UK audit market is concentrated in the hands of the big four. Namely, (PwC, KPMG, Deloitte, and Ernst & Young). The major factor that influenced concentration according to Philipsen, (2014), was due to unwillingness of the medium tie audit firm to accept high profile client, resulting from fear of unlimited liabilities. In the same vein, (EC, 2008; EC, 2010; Davies, 2015) argued that auditors' liability issue needs in to be addressed to possibly achieve progress on both the development of the role of the audit and the encouragement of greater competition in the audit market. Thus, they stressed on the significance of reducing auditors' liability to possibly stimulate competition in the market. According to Belcher, (2006) and Walter et al., (2008), the expected competition in the audit market will only become an illusion if auditors' liability is not addressed.

One of the significant of this study as revealed in this chapter is its conformity or corroboration to what is already known in accounting literature within RQ2. Thus, that the UK audit market is currently uncompetitive. Secondly it also revealed that capping is the panacea to the unhealthy competition in the UK audit market.

6.3.3 Whether audit profession in the UK can survive and grow

Both empirical findings emphatically revealed that audit profession in the UK cannot survive and grow if their professional liability issue is not resolved. For instance, 90% of the interviewee agreed that the number of registered statutory auditors in the UK will continue to decline over time if the issue of auditors' liability is not addressed as evidenced in chapter five of the study. In the same vein, Q6, Q18, Q19, Q20 and Q21 within the online survey that was conducted in the UK asked similar questions in variegated forms. While Q6 was a stand-alone question, other questions as mentioned above were the probing type in relation to the study Q3. Within this study, it was also revealed that the number of registered auditors in the UK are decreasing on annual basis and it will decrease further in the future if their professional liability issue is not resolve. Thus, that the decrease in the number of registered auditors in the UK as evidenced in table 4 and 6 within the preceding chapter has bearing with auditors' professional liability. This finding has significantly contributed to the development of accounting literature by revealing the unknown. For instance, what was known in accounting literature prior to this study was that the number of registered auditors in the UK are decreasing on annual basis. However, this decrease wasn't linear in nature. But what remained unknown that has been revealed by this study is that the decrease was as a result of auditors' legal liability and the nature of their uncompetitive market in the UK thereby uncovering knowledge gap in accounting literature. The study also revealed within this chapter that young talents are reluctant to venture into audit profession in the UK resulting from business risk that could endanger their personal assets in the event of audit failure.

Therefore, the interpretation that has been reached from the above analysis and discussion within the context of this question is that audit profession in the UK may not grow without a capping strategy.

6.3.4 What are the sources or drivers of auditors' liability in the UK

Empirical result from semi-structured interview and online survey that was conducted in the UK within the quest of gaining an understanding regarding the sources or drivers of auditors' liability in the UK revealed that there are several factors for this. Among them are unfairness, deep pockets and ambiguity regarding the definition of auditors' duties and responsibility. For instance, unfairness became a reoccurring point during the interview in relation to the study question as mentioned above. Thus, 98% of the interviewee pointed out that auditors in the UK are not fairly treated when it comes to accountability in connection with financial statements misstatements.

According to Doubtful who is currently working as senior audit partner in one of the big four audit firm in the UK,

> *"auditors in the UK cannot be 100% exonerated from the misstatement of financial statements in the UK. The UK government has acknowledged this; hence legislation has changed in relation to company Act has of 2000 and 2006 to possibly lessen the burden of auditors' liability in the UK. However, it is unfair based on the current practice in the UK that auditors are wholly and exclusively held accountable for the misstatement of financial statements in the UK"*.

Doubtful argued that it is unreasonable to single out auditors in the UK and hold them accountable for the defectiveness of financial statements while other parties like company directors, company's audit committee and company's chief accountants who oversees internal control mechanism efficacy are not punished.

In the same vein, the argument of Great who currently work for one of the top 5 audit firm in the UK corroborates the point Doubtful raised above. According to Great,

> *"because the UK government has refused to punish fairly all the parties that are arguably responsible for the defectiveness of financial statements in the UK, this action can be construed to mean unfair treatment of auditors in the UK"*.

Great further argued and referred to the current practice in the US following the Enron scandal between 2000 and 2002. According to Great, both finance directors and chief executive officers of listed companies in the US risk jail terms if they purportedly window-dress financial statements, or they were fully aware that financial statements do not represent the true and fair view of the companies' affairs and conceal the information that they have acknowledged. In the UK, reverse is the case as auditors in the UK are single-handedly held accountable and unfairly punished for the defectiveness of financial statements.

The above finding corroborates with some existing studies. For example, according to ACCA, (2012), the unfair terms of contract as encapsulated in 1977 Act is still in vogue till date in the UK. Thus, the Act prevented auditors from negotiating their liability limitation with their audit clients. It could be argued that other forms of liabilities limitations are available in the UK. For example, Liability Limitation Agreement (LLA). This means that auditors in the UK can reached an agreement with their audit clients, subject to the approval of shareholders in the Annual General Meeting (AGM).

According to Davies (2010), colossal legal claims against statutory auditors in the UK is based on auditors' affordability rather than professional negligence (deep pockets). Within Q31 and Q32 regarding the online survey that was conducted in the UK, it was also revealed that the large legal claims against auditors in the UK has been deemed to be unfair penalty because listed company's top management who are arguably responsible for financial statements misstatements are not usually punished whenever audit risk crystallised. This finding corroborates deep pockets factor as discussed above.

Finally, the next factor that formed one of the drivers of auditors' liability in the UK is ambiguity regarding the definition of auditors' duties and responsibilities which cascaded into incongruous verdicts, based on Judges level of erudition and legal stance within the tropical topic.

As evidenced within Q28 regarding the online survey that was conducted in the UK, 97.8% of respondents strongly agree/agree that the UK Judges verdict is subject to their level of erudition or legal stance on auditors' professional liability case. In the same vein, finding from Q33 from the same survey revealed that the definition of auditors' duties and responsibility in the UK need to be redefined as a matter of law. 97.6% of the respondents voiced this opinion as evidenced in table 6.25 above.

According to the study carried out by Action, (2013), some Judges' pronouncements regarding auditors' liabilities cases were incongruous or inconsistent. This is a manifestation of ambiguity in terms of auditors' duties and responsibility in the UK. For instance, in the case of Kingston Cotton Mill (No 2) [1895], the lower court presiding Judge Vaughan Williams J found the auditor guilty of negligence.

However, Justice Lopes L.J who was the presiding Judge in the Appeal Court overturned the decision in his famous judgement as follows:

> *It is the duty of an auditor to bring to bear on the work he has to perform that skill, care and caution which a reasonably competent, careful and cautious auditor would use. What is reasonable skill, care and caution must depend on the particular circumstances of each case. An auditor is not bound to be a detective or as was said to approach his work with suspicion or with a foregone conclusion that there is something wrong. He is a watchdog but not a bloodhound. He is justified in believing tried servants of the company in whom confidence is placed by the company.* (BPP Learning Media, 2016; Pallisserry, 2012; *ACCA,2013;* Collings, 2014).

The summary *of* Justice Lopes L.J judgement was that auditor is a watchdog and not bloodhound. Thus, a watchdog is one that report something that appears suspicious, while a bloodhound is one that detect something suspicious.

However, both empirical findings and some literature within this study suggest that the duties and responsibilities of auditors in the UK is subject to presiding Judge legal stance or erudition resulting from inadequate definition of auditors' duties and responsibilities in the UK.

The interpretation that has been reached from the above discussion within the context of this question are of twofold: firstly, that there is an issue in the form of auditors' duties and responsibilities definition in the UK as incongruous verdicts have been found among the presiding Judges. Secondly that the improper definition of auditors' duties and responsibilities in the UK will continue to impact on statutory auditors' liability in the UK. This revelation is deemed to be one of the significant of the study as it has revealed how inconsistent Judges verdict could impact on auditors' liability in the UK thereby contributing positively to accounting literature.

6.4 CHAPTER SUMMARY

This chapter presents findings that were drawn from data analysis mainly based on the survey that was conducted in the UK within the study. Relevant information or quotations from preceding chapter being the semi-structure interview that was conducted in the UK and literature that possibly corroborates or refute the findings within the chapter were referenced accordingly. In the same vein, tables, figures and participants group variable were developed in order to possibly enhance readers' understanding about the background of participants in relation to their group categories, the nature of questions they were asked and their responses as they participate in the study.

Empirical findings revealed that auditors' liability capping can enhance financial statements integrity in the UK. It also revealed that auditor professional liability capping could facilitate a positive impact on the UK audit market that is currently dominated by the big four. Thus, young talents could be encouraged to venture into audit profession. This could in turn create healthy competition in the audit market and possibly cause a reduction in the audit fees.

Having analysed and discussed empirical data that emanated from the survey and semi-structure interview that was conducted in the UK as evidenced within this chapter, the next chapter will present the study conclusion, contribution, and recommendation for further research.

CHAPTER SEVEN: CONCLUSION; CONTRIBUTION; RECOMMENDATION FURTHER RESEARCH AND STUDY LIMITATION

7.0. INTRODUCTION

This study investigated the impact auditors' liabilities capping can possibly have on listed companies' financial statements integrity, the audit market and audit profession in the UK being the overall aim of the study. The specific objectives of this study have been to gain an understanding from the UK qualified and non-qualified Accountants' perspective, whether auditors in the UK will relax their professional scepticism attitude if their liability is capped; whether auditors' liability capping can possibly demonopolize the UK audit market that is currently controlled by the Big Four international audit firms; and whether audit profession in the UK can survive and grow should the UK Chartered Accountants are continuously exposed to unlimited liability business risk.

The research objectives of the study as mentioned above were revisited within this chapter. Thus, it aims to summarise the findings of the study and offer conclusions based on the findings as derived in the preceding chapter.

Within the ambit of the preceding chapters, a large volume of empirical data was collected in the UK in the forms of semi-structured interviews and online survey in conjunction with the review of relevant accounting literature. These data were analysed and discussed exhaustively in the preceding chapter hence their summary in this chapter.

In the same vein, this chapter also discuss the study's contribution in relation to the existing knowledge in accounting and make a recommendation based on its findings. Finally, the study also makes recommendation for future research within this study, implications, limitation and ended the chapter with a brief summary. By adopting this structural approach, it is believed that the quality of the study has been enhanced and that the study has been concluded expectantly by reflecting on whether the objectives of the study as mentioned in chapter one has been met.

7.1. RESEARCH CONCLUSIONS

This section summarised the study findings as evidenced in the preceding chapter and offer conclusion based on the findings as follows:

7.1.1. PROFESSIONAL SCEPTICISM ATTITUDE

Both empirical findings (interviews and survey) within the scope of this study had a positive correlation in relation to the research objective number one (to investigate whether auditors in the UK will relax their professional scepticism attitude if their liability is capped). Thus, they corroborated each other by claiming that auditors in the UK will maintain professional scepticism attitude if their legal liability is capped. Empirical findings within this study lamented that the claim or fear that auditors in the UK will do otherwise if their liability is capped is a child of myopia. It further cautioned that a non-capping strategy or policy from the UK government can possibly impact on the UK economy and audit profession in the UK adversely.

The above empirical findings within the study is in consonance with the findings of DeFond and Zhang, (2014). Thus, they concluded in their studies that reputational risk factor could motivate auditors in enhancing financial statements integrity within countries in the EU that have adopted auditor liability capping. It can be argued that this specific finding cannot be generalised within the UK context because their studies were EU countries focussed rather than the UK. However, it must be mentioned that specific empirical finding within this study (survey) revealed that the fear of losing practicing license could motivate auditors in the UK to maintain professional scepticism attitude if their liability is capped. In the same vein, ASIC, (2012) finds no empirical evidence to suggest that audit quality is lower countries in countries within the EU that have adopted liability capping. This further suggests that auditors in the UK will maintain professional scepticism attitude just like their professional colleagues in the EU countries. According to Europa.eu, (2012), “74.1% of respondents from outside the audit profession and from countries where audit limitation caps are in place favoured audit reform in Europe. However, Maijoor and Vanstraelen (2006) find support for higher audit quality in countries without a cap on auditor liability with the EU. However, this specific finding directly contradicts London Economics (2006) and other findings as discussed above in conjunction with the empirical findings from this study, thereby revealing the tropical and dichotomous nature of the research topic regarding the divergent constructs held by various stakeholders.

Despite the empirical affirmatory evidences from the preceding chapter as derived from this study, critics could argue that previous studies that positively correlated with this study as evidenced within the above paragraph were not confined to the UK alone. The answer or response to this argument is that this study has acknowledged this lacuna, hence the scope of this research was mirrored to the UK only, thereby illuminating into this dark area in terms of knowledge gap.

In summary, the main conclusion drawn on the above understanding based on empirical findings with this study is likened to prima facie (a case with living evidence) which could be difficult to argue in the court of law. Thus, statutory auditors in the UK will maintain a professional scepticism attitude when auditing the financial statements of companies in the UK if their legal liability is capped based on the following:

- Firstly, in attempt to avoid losing their practicing license as it was in the case of Enron saga in the US in 2002.
- Secondly, based on the need to avoid reputation risk damage in relation to specific audit firms and the professional body they belong.

Finally, empirical findings within this study concluded that it could be to the perils of the UK economy and audit profession in the UK if the expected liability reforms should fail.

7.1.2. CAPPING CAN HELP TO DEMONOPOLISE THE UK AUDIT MARKET

Empirical findings within this study revealed that auditors' liability capping can positively impact on the UK audit market. Thus, young talents could be encouraged to venture into audit profession and the current monopoly as maintain by the big four will become reduced. This could in turn create a healthy competition in the audit market and possibly cause a reduction in the audit fees. Empirical findings within this study equally revealed that there is impending danger if auditor's liability in the UK is not capped. For example, the advantages of capping as mentioned above could become an illusion.

However, one of the major issues at stake according to Bush, et al., (2007) is that if auditors' liability is officially capped, it is possible that the big four could raise the cap ceiling themselves as a result of their financial muscles to flex. This specific literature finding should be accepted with caution. For example, it is speculative and not predictive. In contrast, Shimin, et al., (2010) find out that despite the claim that the big four dominants the audit market, the quality of audit report has improved over the decade in the UK. By interpretation, if the audit quality in the UK has improved over the year without capping it can be construed that the effect of capping could positively have following impact.

- Firstly, audit quality could further improve resulting from healthy competition in the UK audit market.
- Secondly, effective audit cost culture could be stimulated in the UK.

- Thirdly, the number of registered auditors in the UK that is dwindling in current terms could improve on annual basis.

Finally, the conclusion that has been reached within the context of the second objective of this study as mentioned above is that capping can possibly create audit fees cost effectiveness and efficiency. It can possibly enhance the GDP of the country resulting from competition. Therefore, auditors' liability capping should be given a chance in the UK.

7.1.3 AUDIT PROFESSION IN THE UK

Relevant accounting literature within this study revealed that the numbers of registered auditors in the UK are decreasing on annual basis. In the same vein, empirical findings from this study revealed that the annual decrease in the number of registered auditors in the UK is attributable to auditors' professional liabilities and that audit profession in the UK cannot survive and grow should they continually exposed to large legal professional liability.

Empirical findings within the study also revealed that one of the drivers of auditors' liability in the UK is auditors' financial ability to settle large legal claim (deep pockets). By implication, the existence of large legal claims against auditors in the UK has placed limitations on medium sized audit firms' growth in the UK and the willingness of some listed companies in accepting them in terms of audit engagement assignments. Empirical findings within the study described this to be an unfair treatment from auditor's perspective. Thus, that the impact of this unfair treatment in terms of large legal liability against auditors in the UK could further cause a decrease in the number of registered auditors in the UK in the future, thereby impacting adversely on the growth and survival of the profession in the UK.

Similarly, according to Davies, (2010), and Russell, et al., (2012), if auditors' liability in the UK is not properly addressed as expected, audit profession could go into extinction. Thus, young talents could be discouraged from venturing into the profession, resulting from the existing threat of legal liabilities that could put their personal assets at risk. It could be interpreted that the above empirical and literature findings are in consonance with the European Union Commission (2008). The EU recommended to its member states to find a possible solution to auditors' liabilities problems in Europe in order to avoid colossally unbearable consequences.

According to Price Waterhouse, Ernest & Young (1999), Davies, (2010), the number of insurance companies that are willing to accept some audit firms in the UK as their client are significantly limited compared to their demand. Arthur Andersen et al., (1996), noted specifically that auditing firms in the UK are now limited to $50 million and $100 million as the maximum insurance companies are willing to cover for auditors. The implication of this limitation is that in the event of any successful legal claim against auditors in the UK that is higher than $100 million, auditors' personal assets will be at risk. This further suggests that the audit profession in the UK cannot grow in the absence of capping.

The conclusion that has been reached based on the empirical findings from this study and in conjunction with some corroborative findings within the literature is that audit profession in the UK cannot grow should the UK Chartered Accountants are continuously exposed to unlimited liability business risk.

7.2. CONTRIBUTION TO KNOWLEDGE

To the best of my knowledge, this is the first time a research of this magnitude investigated tropical subject area within accounting literature, thereby illuminating into a dark area within the literature. Thus, the impact of auditors' liability capping can possibly have on listed companies' financial statements integrity, the UK audit market and its profession. Prior to this study, what was known in accounting literature was that the number of registered auditors in the UK are decreasing on annual basis. However, this study revealed empirically that the annual decrease in the number of registered auditors in the UK is attributable to auditors' professional liability, thereby revealing the unknown.

Both empirical findings have produced enormous evidences that advocate for auditors' liabilities capping in the UK. The contribution the study has made within this context is therefore embedded on its finding. Thus, they suggest that capping can possibly promote the economic prosperity of the UK, resulting from a reduce audit fees, indemnity insurance cost and competition in the audit market that could be associated with capping.

Another contribution that this study has made is within the possible consequence of non-capping in the UK as other auditors' professional liability management strategies have failed. For example, the abolishment of joint-and-several-liability, the right to incorporate audit firm as legal entity and liability limitation and agreement. There is looming danger if the age-longed debate on auditors' liability capping is not urgently resolved. The fact that this debate has lingered for more than a decade is a living testimony to the above claim. Moreover, both empirical findings corroborated each other on a positive note, demanding for capping. The findings equally suggest that it has become inexpedient to keep this debate in abeyance

7.3. STUDY RECOMMENDATIONS

The recommendations that are made in this section reflect the research overall aim and its specific objectives as revealed in chapter one, in conjunction with the conclusion drawn on each specific objective as evidenced from the above. The main conclusion drawn on objective number one from the above is that auditors in the UK will maintain a professional attitude if their legal liability is capped. On the other hand, it will be to the perils of the UK economy if the expected liability reforms fail.

My recommendation based on this finding is that auditors' liability in the UK should be capped as a multiple of audit fee. The expected benefits could come in variegated forms. For example, audit fees could reduce, young talents' interest could be stimulated into audit practice, and indemnity insurance cost could also decrease. The net effects of these benefits could emerge as economic boom in terms of growth.

The conclusion reached on objective number two was as mentioned above was that auditors' liability capping in the UK can help to demonopolize the UK audit market that is dominated by the big four. Therefore, my recommendation based on the above finding and conclusion is that auditors liability capping in the UK should be given a chance as other strategies like the abolition of joint and several liability, incorporation of audit firms as a legal entity and Liability Limitation Agreement, (LLA) have failed in current terms. However, the UK government should consult legal liabilities experts on this issue. The benefits could lead to a proper definition of auditors' duties and responsibilities in terms of fraud detection and prevention. It could also enhance consistency in terms of judges' legal pronouncements and possibly avoid confusion as witnessed in the past legal precedents as revealed in literature.

The conclusion that was reached within objective number three of the study was that based on the empirical findings from the preceding chapters, audit profession in the UK cannot grow should the UK Chartered Accountants are continuously exposed to unlimited liability business risk. Recall that the EU recommended professional liability minimisation from auditors' perspective in 2008. The basis of its recommendation was to avert the big four decreasing into big three resulting from professional liability. The

UK government acknowledged this hence joint and several liability was abolished, and the choice to incorporate audit firms as legal entity and LLA was introduced. However, these strategies have failed in current terms as the number of registered auditors in the UK are decreasing on yearly basis due to arguably professional liability, suggesting that audit profession in the UK cannot survive and grow in the face of colossal legal claim against them.

My recommendation within this objective and based on the above finding is that auditors' liability in the UK should be capped based on audit multiple fee or base on the salary of the president of the UK supreme court. This recommendation is deemed to represent public best interest on this topic in relation to EU advice in 2008.

7.4. RECOMMENDATION FOR FURTHER RESEARCH

This study was arguably thoroughly conducted within this contemporary topic.

However, there are some dark areas within this topic that could have aid understanding and possibly alleviate fears in the mind of various stakeholders if a further study is conducted within the topic. For example, research should be conducted in countries like Greece, Belgium and Germany within the EU that have opted for auditors' liabilities capping. A fuller understanding of audited financial statements integrity, audit market growth or demonopolization and the growth of audit profession in those countries and the holistic economic benefits could be gained. This could further enhance juxtaposition between pre and post capping periods, thereby demonstrating a convincing and robust basis for professional liability capping recommendation in the UK.

7.5 IMPLICATION OF STUDY

Previous sections discussed the contribution that this thesis makes and some limitations that it has. This section outlines several avenues for future research within the contemporary research topic.

This qualitative study investigates the impart of auditors' professional liability capping on listed companies' financial statements, the UK audit market and its profession being the goal of the study. Thus, it sheds the light on the aged long debate in the UK regarding capping and concludes that auditors' liability in the UK should be capped based on its empirical findings which revealed that auditors in the UK will maintain a professional scepticism if their liability is capped.

Moreover, this study investigates the views of qualified and non- qualified Accountants in the UK. while the former is accounting information user, the latter is intangible information supplier in the capital market. However, there are many other stakeholders who may also be involved in supplying or using related intangible information, such as regulators, Lawyers and accounting lecturers. Therefore, future interview-based research could extend the present study by investigating the perspectives of other stakeholders as mentioned above.

The conceptual framework of this qualitative study reveals that financial statements misstatements in the UK are products of agency behaviour. While directors are the primary agent, statutory auditors are the secondary agent. Therefore, it will prudent if future study is conducted in order to possibly establish who should be held accountable holistically whenever financial statements are materially misstated in the UK.

The effort of the UK government and accounting regulatory bodies towards financial statements integrity strengthening was discussed within this study. However, further studies should also be conducted, thereby evaluating the effectiveness of the UK government programme that has been designed to minimise the risk of financial statement defectiveness and that of accounting regulatory body which centred on financial statements reporting.

7.6 PRACTICAL IMPLICATION

Auditors professional liability has been found within this study to be a dichotomous and transcending debate as revealed specifically in the semi-structured interviews that was conducted in the UK within this study.

This study provides evidence that there are perceived shortcomings in handling auditors professional liability in the UK. For example, FRC in 2012 set a new threshold regarding restated financial statements. Thus, this has changed from 77% to 90%.

In the same vein, statutory auditors were required to detail much information on how they arrive at audit opinion (FRC, 2012).

The relevance of financial statements that is devoid of restatements has also been emphasised within this study in conjunction with the dilemma that auditors in the UK could face regarding duty of care. Legal verdicts were found to be incongruous and confusing within this study, thereby revealing the complexities that currently confront statutory auditors in the UK.

The latest version of IAS 18 and opinion paragraph within the audited financial statements in the UK are not expected to solve all of the problems that have been identified over the years regarding financial statements defectiveness as discussed in this study. There are several issues for the standard setters, accounting professional body in the UK and the UK government to address. These include but not limited to problems of materiality threshold, specific duty of auditors in the UK, how to fairly punish agents that could purportedly contribute to the misstatement of financial statements in the UK, the need to increase transparency, reflecting the need of accounting information user in the UK.

The revised IAS 18 and opinion paragraph with the audited financial statements in the UK marked the beginning of a new phase in accounting standard setting that will require the input of more research studies as well as collaboration or at least, cooperation between the qualified Accountants and listed company directors in the UK. However, further academic research could help to inform the development of standards by accounting professional bodies in the UK and the UK government regarding some of the issues as mentioned above. It is believed that the qualitative approach as adopted in this study could help in reaching a greater understanding of the needs of accounting information users regarding audited financial statements and within professional auditors' liability being the focus of this study.

7.7 POLICY AND MANAGERIAL IMPLICATIONS

The preceding section discussed practical implications of this study in relation to auditors' professional liability in the UK. Thus, it looked at current measures that have been put in place by the UK government and accounting professional bodies in the UK. The section also looked at issues to be addressed by accounting professional bodies, the UK government and researchers being its practical implication.

Therefore, this section looked into policy and managerial implications of the study as follows:

For policy makers, this study has implications with respect to statutory auditors in the UK primary duty. Thus, is it that of "watchdog or bloodhound"? A watchdog is someone that reports something suspicious, while a bloodhound is a detective (Pallisserr, 2012; ACC, 2013; Collings, 2914). For example, this study finds out that one of the sources of auditors' liability in the UK is based on vague definition of auditors' primary duty.

While auditors believe that their duty is that of a watchdog, users of accounting information believe that auditors' primary duty is that of bloodhound. Similar contradictions were found in legal verdicts within this study with specific reference to auditors' duty in the UK. Therefore, it is expected that policy makers should clearly define the primary duty of statutory auditors as a matter of law in order to possibly lift the existing legal veil and enhance consistency in legal verdicts regarding auditors' liability in the UK.

Furthermore, this study also has implication towards policy makers with specific reference to information asymmetry issues. Shareholders acknowledged that they do not have daily operational information about their companies. Thus, that directors could engage in moral hazard practicing, thereby relegating the fiduciary confidence that have been reposed on them. As result, they hire the services of statutory auditors that could possibly to help to mitigate this risk (Felix, 2015, Okaro and Okafor, 2013). Therefore, it is expected that policy makers in the UK should make specific law that could help to solve the problem of information asymmetry and unethical practice in the UK. For the example, one of the intervieswee in this study called Great referred to the current practice in the US following the Enron scandal between 2000 and 2002. Thus, both finance directors and chief executive officers of listed companies in the US risk jail terms if they purportedly window-dress financial statements, or they were fully aware that financial statements do not represent the true and fair view of the companies' affairs and conceal the information that they have acknowledged. In the UK, reverse is the case as auditors in the UK are single-handedly held accountable and punished for the defectiveness of financial statements. Thus, this current practice in the UK further reveal the extent that auditors in the UK are unfairly treated in relation to auditors' liability.

Therefore, this potential inherent short coming should be addressed by the UK law makers through corporate code of governance.

The managerial implication of this study is in relation to whistle blowing. Thus, managers of listed companies in the UK should report to the UK government or its agency whenever they uncover any unethical practice in their companies. For example, the overstatement of profit by Tesco in 2014 was uncover by a manager. This professional whistle blowing attitude is uncommon in the UK and this could arguably promote financial reporting irregularities in the UK which could in turn cascade into defective financial statements and auditors' professional liability in the UK.

Therefore, managers in the UK should integrate the culture of whistle blowing into their daily duties and responsibilities if the expected true and fair position of listed companies in the form of financial statements must not remain in abeyance.

7.8 STUDY LIMITATION

There are some limitations to this specific study. However, some of the limitations are inevitable. Thus, the study's findings or results could be difficult to generalize in absolute terms. It is however limited to individual's opinion which could be bias or contingent upon their state of minds at the time of their responses. Moreover, the study heavily relied on various stakeholders' participation through the administration of questionnaires, interview and literature review. It could be argued that this is not bias free as each group or individual stakeholder could respond to questions, interviews, or possibly produce literatures based on their ideological stance on the research topic. It must be mentioned clearly that this specific limitation is outside the control of the researcher.

Furthermore, though the study is confined to the UK, the operations of the big four accounting firms in the UK cut across international economies and travelling cost to different locations in the UK at different time and dates during the interview limits the sample size of the study.

7.9 CHAPTER SUMMARY

The use of qualitative approach within this study was beneficial in uncovering the perceptions of qualified and non-qualified Accountants in the UK. Thus, in-depth individual semi-structure interviews were conducted with the participants of the study, specifically statutory auditors in the UK in order to possibly gain their perceptions or constructs regarding the age-long debate in the UK within the context of auditors' professional liability. In the same vein, constructs of non-qualified Accountants in the UK were also explored through online survey.

The conclusions of this study resulted in a more comprehensive understanding of what qualified and non-qualified in the UK perceptions are, and what should be possibly expected if auditors' liability in the UK is capped. The findings within this study are expected to provoke intellectual rethinking regarding auditors' liability in the UK among policy makers, managers, accounting professional bodies, Institutional investors and qualified Accountants in the UK. Based on this understanding, it can be construed that the study has been concluded expectantly by reflecting on the objectives of the study as previously mentioned in chapter one.

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APPENDIXES

9.1 APPENDIX A: LETTER OF INVITATION FOR SEMI-STRUCTURED INTERVIEW QUESTIONS

University of Salford MANCHESTER

Interview

The impact of auditors' liability capping on the integrity of listed companies' Financial Statements, the audit market, and the auditing profession in the United Kingdom

Date: 02/08/2017

This request for interview is an important part of a PhD research in auditing at the University of Salford, Manchester, United Kingdom under the supervision of Prof, H. Yazdifar and Dr. M. Albahloul who support this investigation.
This research aims to understand whether auditors in the UK will demonstrate a relaxed attitude that could adversely impact listed companies' financial statements' integrity if their professional liability is capped. It further investigates whether auditors' liability capping can possibly demonopolize audit market that is currently attached with big four audit firms. This dominance has been attributed to auditors' professional liability that could cause the demise of an audit firm in the event of audit failure. Thus, it is hopes that the results will be a further step towards understanding the auditing profession in the UK from a legal liability perspective.

As a chartered accountant, or concerned with auditing profession, you have been selected to participate in this study. Although I am conscious about your limited availability and valuable time, I am fully hoping that you will be able to allocate me some time to undertake this interview (30 minutes approximately). On the other hand, I must emphasize you that all information you provide will be treated in strict confidence. Only aggregate results of these interviews will be published, and no individual details will be disclosed.

If you would like to receive a copy of the aggregated results of the interviews, and/or would be willing to discuss further the issues it addresses, please do not hesitate to contact me using either telephone, email or mail address mentioned below, and I will happy to contact you. I would appreciate it very much if you would confirm participating in this process so an interview can be organized at your convenient.

Thank you in advance for your kind co-operation.

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9.2 APPENDIX B: SEMI-STRUCTURED INTERVIEW QUESTIONS

Date: 06/08/2017

PART ONE: PERSONAL INFORMATION ABOUT THE INTERVIEWE

QUESTION: Please, kindly provide answers to the following personal information questions:

Your name, gender, age, your company's name, and years of experience.

PART TWO: INTRODUCTION TO THE INTERVIEW PROCESS

QUESTION: Have you had about the debate regarding auditors' liability capping in the UK?

What do you understand the terms "capping" to mean within the context of auditors' professional liability debate in the UK?

Please tell me why you are interested in auditors' professional liability debate in the UK

When did your first interest on the debate began?

PART THREE: **UNDERSTANDING /AWARENESS ABOUT AUDITORS PROFESSIONAL LIABILITY IN THE UK**

QUESTIONS: What does "auditors' professional liability" mean to you?

What do you take auditors' professional liability capping to be in the UK?

Do you think that auditors' liability needs a reform in the UK? If yes/no, what are your reasons?

PART FOUR: POSSIBLE IMPACT OF AUDITORS' LIABILITY CAPPING ON LISTED COMPANIES' FINANCIAL STATEMENTS' INTEGRITY IN THE UK.

QUESTIONS: Have you had about professional scepticism attitude? If yes in your opinion, what do you understand professional scepticism attitude to mean in relation to auditors' professional service?

Do you think that auditors in the UK will maintain a professional scepticism attitude if their liabilities are capped?

If your answer to the above question is yes or no, could you please elaborate on your answer?

In your opinion, how can auditors' liability be capping in the UK impact on the integrity of listed companies' financial statements?

Are you of the opinion that auditors' liability in the UK should be capped? If yes/no, what are your reasons?

Are you concerned about auditors' professional behaviour in the UK if their professional liability is capped? If yes or no, please elaborate on your answers.

PART FIVE: POSSIBLE IMPACT OF AUDITORS LIABILITY CAPPING ON AUDIT MARKET IN THE UK

QUESTIONS: What do you understand audit market to be within the context of accountancy profession in the UK?

What do you think about audit market in the UK in terms of competition in the market?

How could auditors' professional liability capping impact on the audit market in the UK as a matter of opinion?

Are you of the opinion that audit market in the market is currently uncompetitive? If yes/no, what are your reasons?

What role do you think auditors' liability capping can play in the UK current audit market in terms of competition?
Have you had about the big four accountancy firms in the UK? If yes, who are they? Deloitte Touche Tohmatsu, (Deloitte), PricewaterhouseCoopers (PwC), Ernst & Young (E&Y) and Klynveld Peat Marwick Goerdeler (KPMG)

What is the position of the big four accounting firms in the UK in terms of their market share?

Do you mean that big four dominant the UK audit market?

How would the big four accounting firms respond to auditors' liability capping as a matter of opinion?

Do you think that the big four accounting firms will possibly raise the cap ceiling to possibly increase monopoly and dominant the audit market in the UK?

PART SIX: POSSIBLE IMPACT OF AUDITORS PROFESSIONAL LIABILITY ON AUDIT PROFESSIONAL EXISTENCE IN THE UK.

QUESITIONS: What is your opinion regarding the possibility of auditors' professional liability reducing the big four accounting firms in the UK to three or two in the future?

Do you think that young talent can be discouraged from venturing into audit profession to possibly safe guide their personal assets because of auditors' professional liability in the UK?

If the answer to the above question is yes, does this imply that audit profession in the UK could go into extinction one day? If yes, what can be done to salvage this situation by the UK government and the professional accountancy regulatory body?

If auditors' professional liability debate fails in the UK, could this have any adverse consequence on audit profession? If yes or no, how?

Some of the big four accounting firms in the UK threatened to relocate their head office to tax haven countries if auditors' liability reforms debate fails in the UK. What is your opinion about this assumption?

Do you believe that audit firms in the UK could find it difficult to secure professional liability insurance for their staff resulting from auditors' liability? If yes, how could this impact on the profession's existence and the audit mart in the UK?

What can the UK government do to possibly help auditors in the UK in securing professional liability insurance?

PART SEVEN: AUDITORS FAIR TREATMENT IN TERMS OF LEGAL LIABILITY IN THE UK

QUESTIONS: What do you understand by audit failure or defective audit?

In your opinion, what do you understand by fair treatment?

Whenever financial statements become defective, auditors are sued by the shareholders of the company, while directors of the same company go scotch free. Does this suggest that auditors in the UK are not fairly treated in terms of professional legal liability? If yes, what can be done to remedy this treatment?

The European Union Commission announced in 2008 that auditors' liability needs a reform Europe to possibly avoid negative consequence. In your opinion, do you think that the UK is included among the countries that need audit reform? If your answer is yes, how can this be done? If your answers are no, what are your reasons?

The EU recommendations in 2008 sounded like a corroborative statement. Thus, that auditors are not fairly treated when it comes to legal liability. What is your opinion about this assumption regarding auditors in the UK?

Auditors in the UK are permitted by company Act of 2006 to register their firms as limited liability corporations. Does this serve as a solution to the challenges auditors in the UK are currently facing in terms of legal liability?

Do you understand the concept of Liability Limitation Agreement (LLA)? If yes, do you how it works in practical terms? If yes, please explain to me.

Any LLA reached between company's directors and auditors must be approved by shareholders. However, shareholders are permitted by company Act of 2006 to invalidate this agreement if they deem its "unfair and unreasonable". Do you consider this to be a fair treatment from the UK auditors' perspective? If yes or no, how?

What is your definition of "fairness and reasonableness"?

PART EIGHT: INTERVIEWEE ABOUT THE LONG PERIOD OF AUDITORS PROFESSIONAL LIABILITY DEBATE IN THE UK

QUESTION: Auditors professional liability debate in the UK has lasted more than a decade without an end. How do you feel about this?

Do you feel auditors in the UK are not fairly treated as the liability debate lingers in the UK?

Do you feel sympatric for auditors in the UK in the light of auditors' professional liability debate in the UK that current has no end?

PART NINE: FINALLY

Thank you very much for your time. Do you have any question that you would like to ask me?

9.3 APPENDIX C: SUPPORT LETTER FROM SUPERVISORS

16th July 2017

Academic Unit (International Finance, Accounting and Economics) Room 302, Maxwell Building, University of Salford, The Crescent, Salford, Manchester, M5 4WT, UK t: +44 (0) 161 295 5594 | e:M.AlBahloul@salford.ac.uk w: www.salford.ac.uk/business-school

To Whom It May Concern

This letter will accompany a request for assistance in a research project being undertaken by Samuel Ebhodaghe. Mr. Ebhodaghe is currently pursuing a PhD at the University of Salford and we are supervising his research.

Our reason for writing is to make clear our support for Mr. Ebhodaghe's request and to emphasise a few points about the conduct of the research. First, we recognise that inviting individuals from the professional and business communities to participate in research can impose costs in time on those with busy schedules, but efforts have been made to ensure such costs are kept to a minimum. Second, the reason for approaching individuals for assistance in connection with the research is that is critically important that research of this nature should be informed by the views of key groups, in order that it might have the most relevance for the development of auditing. Finally, we recognise that with research of this nature involving professional issues, the way in which information is handled and confidentiality protected is extremely important. We have considerable experience of this type of work in our own previous research and can confirm that confidentiality problems have never been an issue in any of these studies.

We do hope it will be possible for you to cooperate with Mr. Ebhodaghe's request for assistance. We know that Mr. Ebhodaghe is strongly committed to his research being of benefit to the continued development of auditing in the UK and this approach clearly warrants support .

Yours sincerely

Dr. Mohammad Albahloul
Programme Leader: MSc Accounting and Finance,
Lecturer in Accounting
Fellow of the UK Higher Education Academy
Prof. Hassan Yazdifar Professor of Accounting
Head of Academic Unit (International Finance, Accounting and Economic