



Accountancy forum

A new order? Big Four face split as FRC set separation deadline

On 6 July 2020, the Financial Reporting Council (FRC) announced its principles for operational separation of the audit practices of the world's four biggest accounting firms – Deloitte, Ernst & Young, KPMG and PwC – in what has been described by some as the biggest shake-up the industry has seen in a generation. Others, however, have described the principles, which were discussed at length with the relevant firms in advance, as toothless and purely cosmetic.

Read the full article [here](#).

Case notes

Court of Appeal rules on application of SAAMCO to audit negligence claims

In this notable judgment handed down at the end of August, the Court of Appeal provided helpful clarification regarding the application of SAAMCO¹ to claims for audit negligence, as well as the approach to the loss of a chance principle. Whilst the auditor's appeal was in large part dismissed, the damages awarded at first instance were considerably reduced on appeal.

Read the full article [here](#).

Supreme Court narrows the “reflective loss” principle - *Sevilleja v Marex Financial Ltd* [2020] UKSC 31

Sevilleja v Marex concerned a claim brought against an owner of two BVI companies that had allegedly stripped the assets from the companies to avoid satisfying judgments against them.

Read the full article [here](#).

CNM Estates (Tolworth Towers Limited) v VeCREF I Sarl and Others – High Courts rules on market standard exclusion and limitation clauses

CNM Estates is a multi-party professional negligence case concerning a dispute that arose regarding a property development undertaken by CNM Estates and the loan and security agreements entered into in connection with that development.

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From litigation and regulatory defence to reputation management, data security and insurance recovery advice, Reed Smith can help protect your interests. Our lawyers act for 3 of the Big 4 accountancy firms, many of the mid-tier firms and the international networks of accountancy and business advisory firms to which they belong.

Read the full article [here](#).

Industry news

FRC Annual Report 2019/2020

The Financial Reporting Council (FRC) published its latest annual report on 17 July 2020. The report is lengthy, running to over 100 pages. For ease of reference, we set out below a brief summary of some of the more pertinent issues addressed in/arising out of the report.

Read the full report [here](#).

FRC's thematic review of company reporting since the onset of COVID-19

In July 2020, the Financial Reporting Council (FRC) published a thematic review of the financial reporting effects of COVID-19 building on the guidance contained in the FRC/FCA/PRA joint statement published on 26 March 2020. A key feature of the review was the need for high-quality, forward-looking information in the current environment, together with current disclosure and measurement issues arising from COVID-19.

Read the full article [here](#).

FRC Annual Enforcement Review 2020 – some key takeaways

At the end of July 2020, the FRC published its second annual review of its enforcement activities, declaring the previous 12 months a period of consolidation for the regulator. That in itself is an interesting statement for a regulator that has faced fierce criticism in recent years, and should surely be looking for consistent progress.

Read the full article [here](#).

Firm news

FCA business interruption test case – what next for policyholders?

In this [article](#), we provide an overview of the decision handed down by the London High Court on Tuesday, 15 September 2020 in *The Financial Conduct Authority v. Arch and Others* [2020] EWHC 2448 (Comm). As set out in our previous alerts on this topic (in May, June and August 2020), this judgment arises from a test case brought by the UK's Financial Conduct Authority (FCA) against eight insurers.¹ The test case was brought by the FCA to resolve uncertainty in the interpretation of business interruption (BI) policies in the context of the Covid-19 pandemic.

[Virtual Conference - Navigating the next normal: Global disputes in 2020 and beyond](#)

2020 is proving to be an unprecedented year as businesses across the globe deal with a "once-in-a-century" pandemic, the United Kingdom's withdrawal from the European Union, industries trying to respond to the #metoo movement and prevent racial injustice and

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inequity, and social media pushing companies and individuals to higher standards of accountability. Against this backdrop, technological innovation remains a constant as large segments of the workforce go remote and individuals and businesses find ways to adapt to solve our collective challenges. This combination of factors has affected the global disputes landscape and brought rise to a host of long-term ramifications as we move into the “next normal.” Reed Smith is offering four days of virtual presentations discussing these challenges as we move into the “next normal.” Please click [here](#) to view the full agenda. Please click [here](#) to register.

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