

Tesco has agreed to pay \$12 million to settle a US lawsuit over its accounting scandal.

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The supermarket giant has not admitted any liability in the settlement and potentially faces legal action in the UK. The Serious Fraud Office (SFO) inquiry into the company could last up to seven years, according to reports.

Investors brought the US lawsuit as a result of Tesco shares losing more than a quarter of their value within a fortnight after the firm admitted to an accounting scandal in 2014. One similar but smaller claim remains to be settled in the US.

Tesco's legal problems stem from it overstating first-half profit expectations by £250M because it incorrectly booked payments from suppliers.

Accountants are often wrongly held responsible when it comes to a failure to identify fraud. In the case of Tesco it remains unclear just who – and how many – either failed to spot what was happening or let it go on unchallenged. The firm has a long way to go before it can put this episode behind it.

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