

(c) Sycamore's new finance director has read about review engagements and is interested in the possibility of Maple & Co undertaking these in the future. However, she is unsure how these engagements differ from an external audit and how much assurance would be gained from this type of engagement.

Required:

(i) Explain the purpose of review engagements and how these differ from external audits; and (2 marks)

(ii) Describe the level of assurance provided by external audits and review engagements. (2 marks)

Examiners Report

Part (ci) for two marks required an explanation of the purpose of review engagements and how they differed to an external audit and (cii) for two marks tested the levels of assurance for audits and review engagements. Overall this question was answered unsatisfactorily.

Few candidates were able to explain the purpose of a review engagement and many candidates failed to score any marks for (ci). Where the question was attempted many candidates repeated points that were then given in (cii).

Candidates performed better in (cii) and many produced clear and concise answers which addressed the levels of assurance for each specified type of engagements.

A minority of candidates however just referred to positive and negative assurance without linking them back to the two types of engagements.