Examiner's Report

Exam Name and Code: Assurance, Risk and Reporting (ARR B 2026)

Date of exam – 18 August 26

Paper performance overview **What worked well with candidates and areas that they were weak on, how they responded.**
Overall performance was very strong with candidates showing a good technical grasp of the ARR syllabus. Candidates, overall, worked well to time and generally attempted all parts of the questions. The application of their audit knowledge was however weaker than their financial reporting (FR) knowledge. There was evidence that candidates had focused on their technical FR knowledge, at times, to the detriment of their audit.
Question 1 performance (include each syllabus area covered)
Syllabus areas covered were A 1 a, A 2 c, A 2 d, A 2 g, A 2 j, A 2 m. The scenario focused on an entity that provided software support services for their clients. Candidates showed a solid awareness of legal issues and were able to identify audit risks from the information presented. Weaknesses were that lots of candidates got a little muddled between business risks and audit risks which meant they did not always fully answer the requirement set. Candidates should be encouraged to read the requirements carefully and make sure they are answering the question set. Audit procedures were also at times a little vague and not relevant to the scenario. Encourage candidates to ensure that procedures contain a verb, a source and an objective.
Question 2 performance (include each syllabus area covered)
Syllabus areas covered: A 1 c, A 1 d, A 2 h, A 3 c, A 3 d. Performance on question 2 was a little bit mixed. Knowledge of audit report implications and ethics was generally good although sometimes the specific rules from the ethical standards were not well known despite being available in the open book. Encourage candidates to familiarise themselves with where key parts of the code sit within the open book. Candidates were also not strong at distinguishing between legal/ethical issues that would apply to listed entities compared to those that would apply to non-listed entities.

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Question 3 performance (include each syllabus area covered)

Syllabus areas covered: B 2 a.

Candidates performed very well on the trial balance question with clear workings shown even if the figures were not always completely correct. Many scored full or near full marks. The major weakness related to leases where candidates muddled up the calculations between leases in advance and leases in arrears. Presentation marks were sometimes lost for not showing sub-totals within the SFP.

Question 4 performance (include each syllabus area covered)

Syllabus areas covered: B 1 b, B 1 c, B 1 e, B 2 b, B 2 c

Candidates' performance on this question was a little mixed. Ethics was very well answered with most candidates obtaining full or near-full marks. One technical area that candidates do need to work on is their understanding of financial instruments which very few candidates calculated correctly. Technique on explaining accounting treatment was generally strong. Answers relating to the framework and the impact of climate change were fine, if a little brief.

Question 5 performance (include each syllabus area covered)

Syllabus areas covered: B 2 a

Candidates had clearly practiced cashflows a lot with many candidates obtaining full marks, making this question the most well-answered question across the examination. Where candidates lost marks, it was usually due to the PPE workings not containing everything that would affect the carrying amount of PPE in the year. Even so, good marks were obtained as candidates showed their workings clearly.

Summary and helpful hints

The few candidates who failed generally did so by not answering all parts of the examination. Even on a relatively tough requirement there will typically be a few easy marks so candidates should be encouraged to attempt all parts of the questions. Candidates should also read the requirements carefully and think about the verb in the question so that they can allocate time appropriately. A question that asks to evaluate or explain should be answered in more detail than a requirement that asks to identify or list issues from the scenario.

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