

Exhibit 1 – Background information

During the reporting period, the Gecko parent company entered into an agreement to outsource the financial reporting and accounting activity for all parts of the group to a specialist third party called Jackson & Steinham (J&S) based in another city.

You are senior manager on the Gecko audit, reporting to the group engagement partner Darien Taylor. During the year you have been given assurances by both Gecko's Finance Director and Darien Taylor that there would be no adverse impact on the group's internal controls, despite the outsourcing undertaken.

In addition to this outsourcing, Gordon's Greedy Investors (GGI) a domestic subsidiary which is the largest of the branded companies making up the Gecko group, has changed its external auditors to a new firm called Steinham & Jackson (S&J) which is apparently based in the same city as J&S. All other external audit work for the Gecko Group is still carried out by CF&S.

Darien Taylor has agreed the timetable for reporting the group's financial results in line with the stock market and has asked you to start the group audit planning process. She is especially keen to ensure that the consolidation process goes smoothly, as the group is looking to report a strong position to its investors by 6 December 20X5, so has reiterated the importance of the consolidated accounts being completed and audited on time. It is now 1 July 20X5.