

Marking guide for Role Simulation Examination December 2023

The Role Simulation exam aims to examine knowledge, skills and behaviours in roughly equal proportions. This is reflected in the marking process where the available marks for each requirement are identified as Knowledge marks (K), Skills marks (S) and Behaviour marks (B).

A set of answers is issued to markers, giving an overview of the K, S and B points that can attract marks for each requirement. The model answers are extensive and contain all the points that could have been made; candidates are not expected to produce such full answers in the exam.

Broadly speaking, the K marks are for demonstration of appropriate and accurate knowledge and understanding from the Learning Materials for the five Certificate syllabuses assessed by the Role Simulation. This knowledge can be explicit or implied (eg where the answer is developed using recognised terminology, not just common sense).

Specifically, the K marks are for knowledge related to:

- Technical (TECH)
- Business awareness (BA)
- Ethics and standards (E&S)
- Regulation and compliance (R&C)
- Systems and processes (S&S)

The S marks are for the following skills:

- Analysis (AN)
- Communication (COMMS)
- Leadership (LS)
- Planning and prioritisation (P&P)
- Producing quality and accurate information (Q&AI)
- Team working and collaboration (TWC)
- Using systems and processes (USS)

The B marks are for the following behaviours:

- Adaptability (AD)
- Adding value (AV)
- Ethics and integrity (E&I)
- Proactivity (PRO)
- Professional scepticism (PS)

For example, if the requirement was to 'analyse the industry using Porter's Five Forces model' then K marks would be available for knowing the meaning of the key headings and the terminology for items commonly seen under these headings, and both S and B marks would be available for applying this knowledge to the scenario and using the information in the scenario to explain how the force works.

For written requirements where the candidate may make many equally valid points using different aspects of knowledge, skills and behaviour, more marks were identified for explanations in the mark scheme than were available in the maximum mark awarded. In these requirements, once the maximum awarded mark was achieved by a candidate, no further marks were given.

The pass mark is 70% across the paper. There is no requirement to score at least 70% in each of the K/S/B pools of marks, nor to score at least 70% in each of the two tasks.

December 2023 marking grid

	Marks identified in marks scheme				Maximum marks awarded	
	K	S	B	Total		
1.1a	1	6	0	7	7	Accounting
1.1b	7	1	1	9	6	Accounting
1.2	0	6	0	6	6	Accounting
1.3	1	11	0	12	11	Accounting
1.4a	5	0	0	5	3	Assurance
1.4b	4	0	0	4	3	Assurance
1.4c	0	3	0	3	2	Assurance
1.4d	0	4	0	4	4	Assurance
1.4e	0	14	0	14	4	Assurance
1.5a	1	2	4	7	4	Assurance
1.5b	6	0	2	8	2	Assurance
1.5c	5	0	5	5	4	Assurance
2.1a	0	4	0	4	4	MI
2.1b	0	6	0	6	6	MI
2.1c	3	1	2	6	4	MI
2.1d	0	5	0	5	5	MI
2.2a	3	0	0	3	3	BTF
2.2b	4	0	4	8	6	BTF
2.3a	6	2	3	11	5	Law
2.3b	3	3	0	6	3	Law
2.3c	0	14	16	30	8	BTF
Overall total	49	82	37	37	168	
					30	Accounting
					26	Assurance
					8	Law
					17	BTF
					19	MI

The marking information set out below is that used to mark the requirements in the December 2023 exam. Markers were encouraged to use discretion and generally to give the benefit of the doubt where it was evident what the candidate was trying to explain even though the explanation could have been expressed more clearly. No partial marks were awarded but the 'own figure' (OF) rule in calculations was applied.

Abbreviations in the mark plan below for the nature of marks are explained on page 1 of this document.

Task 1.1
General comments
Overall this sub-task was very well-answered.

Task 1.1 (a)	Mark	Nature
Ambrose Partnership		
Correct cash at bank account		
Cash at bank balance	10,732	
Less: bank charges	-140	1 S - Q&AI
Less: double counted receipt	-3,458	1 S - Q&AI

Corrected cash at bank account balance	7,134	1OF	S - Q&AI
Bank reconciliation at 30 November 2023			
Balance per bank statement	10,411	1 for both	S - Q&AI
Add outstanding lodgement	1,509		
Less online transfers	-4,786	1	S - Q&AI
Balance per corrected cash at bank account	7,134	1	S - Q&AI
Bank rec format		1	K - TECH
Examiner comments This requirement was tackled very well by the majority of candidates.			
Total possible marks		7	1 K, 6 S
Maximum full marks		7	

Task 1.1 (b)	Mark	Nature	
<p><i>Communication:</i> To: From: Date: Subject:</p> <p>Hello</p> <p><i>Partnership capital and current accounts:</i></p> <p>Between them, capital and current accounts show the ownership interest of each partner</p> <p>split between initial fixed capital contributed in the capital account</p> <p>and appropriated profit less drawings and appropriated losses over time in the current account.</p> <p>Interest is only paid, when agreed between the partners, on the capital account balance.</p> <p>Jocasta has a debit balance on her current account which suggests that she has overdrawn her account ie she has withdrawn more from the partnership than has been appropriated to her as net profit.</p> <p><i>Compare with company accounts:</i></p> <p>Companies do not have capital accounts for each partner: they show the total equity owned by all the shareholders together, split into share capital and share premium.</p> <p>While appropriated profit less drawings are shown in each partner's current account, in companies total net profit less dividends are shown as retained earnings, again owned by all the shareholders together.</p> <p>Partners can overdraw profits, while companies are restricted by law as to how much they can pay out to shareholders in dividends.</p>	<p>1</p> <p>Max 3 marks</p> <p>1</p> <p>1</p> <p>1</p> <p>1</p> <p>1</p> <p>Max 2 marks</p> <p>1</p> <p>1</p> <p>1</p>	<p>S – COMMS</p> <p>K - TECHh</p> <p>K - TECH</p> <p>K - TECH</p> <p>K - TECH</p> <p>B – AV</p> <p>K - TECH</p> <p>K - TECH</p> <p>K - TECH</p>	
Examiner comments This requirement was tackled very well by the majority of candidates.			
Total possible marks		9	7K, 1S, 1B
Maximum full marks		6	

Task 1.2						Mark	Nature		
Initial TB		Adj to clear suspense		Revised summary trial balance		1+1 1+1 1+1	S - AN S - AN S - AN		
DR	CR	DR	CR	DR	CR				
Revenue	15,000				15,000				
Expenses	8,030			8,030					
Capital/Drawings	2,000	150			1,850				
Assets	12,800		200	12,600					
Liabilities	3,430		350		3,780				
Suspense	400	200 350	150						
	20,830	20,830		20,630	20,630				
Examiner comments This sub-task was well-answered by most candidates.									
Total possible marks						6	6 S		
Maximum full marks						6			

Task 1.3				Mark	Nature
Crowhurst plc: Statement of profit or loss for the year ended 30 September 2023				1	K - TECH
	TB	Adjustments	Final		
	£	£	£		
Revenue	17,405,314	-3,160 (1) 9,900 (2)	17,412,054	2 1	S - AN S - AN
Cost of sales	11,381,822	-4,000 (4)	11,377,822	2	S - AN
Gross profit	6,023,492		6,034,232		
Administrative expenses	1,322,351	2,700 (3)	1,325,051	1	S - AN
Distribution costs	1,419,452	9,600 (4)	1,429,052	2	S - AN
Operating profit	3,281,689		3,280,129		
Finance costs	560,000	15,300 (5)	575,300	2	S - AN
Profit before tax	2,721,689		2,704,829		
Income tax		565,000	565,000	1	S - Q&AI
Profit for the period	2,721,689		2,139,829		
<i>Workings</i>					
(1)		VAT 18960/(120/20)			
(2)		Transposition error 32200-22300			
(3)		Counselling accrual 5400/2			
(4)		Machinery depreciation 24000/6 Vehicle depreciation 24000*0.4			
(5)		Interest on loan 8.5%*540000*4/12			
Examiner comments This sub-task was tackled very well by the majority of candidates.					
Total possible marks				12	1 K, 11 S
Maximum full marks				11	

Task 1.4		
General comments Overall answers to this sub-task were competent, although answers to 1.4b and 1.4d were disappointing.		
Task 1.4 (a)	Mark	Nature
General economic factors and industry conditions eg the nature/complexity of the medical technology industry, the competitors in the market and ways of doing business.	1	K – S&S
Regulatory and other external factors, including the reporting framework and how the medical technology industry is regulated.	1	K – R&C
Important characteristics of Duxtra: principal business; objectives, strategies and related risks eg regulatory risks, risks involved in going public; financial performance to date.	1	K – S&S
General level of management competence and commitment – for example, if the founders are the only directors then they may not have the skills as medical doctors to run a growing company.	1	K – S&S
Internal control environment – these are said to be weak so more information is needed eg on the effect of this weakness on the growing company	1	K – S&S
Examiner comments This requirement was tackled well by the majority of candidates.		
Total possible marks	5	5K
Maximum full marks	3	
Task 1.4 (b)	Mark	Nature
Enquiries of management and review of website	1	K – S&S
Observation and inspection of processes and internal documentation	1	K – S&S
Discussion among the engagement team	1	K – S&S
Further research on internet and of third-party documents	1	K – S&S
Examiner comments Answers to this requirement, which had one of the lowest average marks, were polarised, with some candidates failing to score any marks at all.		
Total possible marks	4	4K
Maximum full marks	3	
Task 1.4 (c)	Mark	Nature
Comparisons of available current information with prior periods, budgets, industry information.	1	S – USS
Ratio analysis/accounting ratios: calculate relationships between elements of financial information eg sales to gross profit.	1	S – USS
Establish relationships between known facts and financial information eg size of payroll compared with number of employees	1	S - USS
Examiner comments This requirement was tackled very well by the majority of candidates.		
Total possible marks	3	3S
Maximum full marks	2	

Task 1.4 (d)	Mark	Nature
AP will allow Telbury to obtain an understanding and identify areas where there is a risk of material misstatements in the financial statements eg in valuation of patents on new medical technology.	1	S – S&S
AP will enable Telbury to design and perform further audit procedures , so that these risks can be addressed eg substantive testing of receivables and of intangibles.	1	S – S&S
AP will allow Telbury to establish problem areas (eg fluctuations/relationships between sales and receivables which are inconsistent with other evidence or which indicate weak controls) so the audit team's efforts can be suitably directed for testing.	1	S – S&S
AP will provide Telbury with a frame of reference for exercising audit judgement eg setting audit materiality which reflects the risks faced in auditing a relatively new, rapidly growing company like Duxtra.	1	S – S&S
Examiner comments Performance on this requirement was variable with almost half the candidates failing to achieve competency.		
Total possible marks	4	4S
Maximum full marks	4	

Task 1.4 (e)	Mark	Nature
2 marks per well-explained way in which ADA will assist Telbury ADA will allow Telbury:	Max	
to improve its speed and efficiency in conducting audit processes on Duxtra, as ADA allows substantive testing to be conducted more quickly and remotely which in turn improves the quality and speed of audit work and reduce number of audit staff per assignment	2	S – USS
to structure and analyse data appropriately, so testing is more accurate and thorough, and 100% examination of Duxtra's sales and purchases transactions can be carried out at low cost/where manual approach is not feasible, so assurance will be complete without the need to test internal controls	2	S – USS
to improve its understanding of Duxtra and identify items which are at risk of misstatement eg outliers/exceptions or unusual transactions, so audit testing can be adjusted accordingly	2	S – USS
to reperform calculations that are relevant to Duxtra's financial statements, so accuracy is assured	2	S – USS
to match transactions as they pass through a processing cycle, so assurance is obtained re processes and internal controls eg match orders to cash and purchases to payments or three-way matches between purchase/sales orders, goods received/despatched documentation and invoices	2	S – USS
to perform 'can do, did do testing' of user codes to test whether segregation of duties is appropriate, and whether any inappropriate combinations of users have been involved in processing transactions	2	S – USS
to manipulate data to assess the impact of different assumptions and analyse revenue trends split by product or region, which may highlight possible irregularities.	2	S – USS
Examiner comments This requirement was tackled well by the majority of candidates.		
Total possible marks	14	22S
Maximum full marks	4	

Task 1.5		
General comments Overall answers to this sub-task were good.		
Task 1.5 (a)	Mark	Nature
A conflict of interest arises where a firm performs services for clients whose interests are in conflict or who are in dispute with each other.	1	K – E&S
In this case both Loseby Ltd and Merple Ltd require an adviser who will seek the best deal for them.	1	B - AV
While Telbury may be able to broker a compromise deal that benefits each party equally, this is not necessarily the 'best deal' for each party.	1	B - PS
Telbury would have access to confidential information about both clients that would affect negotiations.	1	B – E&I
The clients are clearly not in dispute currently but they may become so at some stage.	1	S – P&P
So Telbury does currently face a conflict of interest .	1	S – AN
With the correct safeguards in place Telbury can still act for both clients.	1	B – E&I
Examiner comments This requirement was well answered by some candidates but very poorly answered by others		
Total possible marks	7	1K, 2S, 4B
Maximum full marks	4	

Task 1.5 (b)	Mark	Nature
Disclose that Telbury is acting for both clients and obtain their informed consent.	1	B – PRO
Separate teams/staff from other Telbury offices.	1	B – PRO
Separate teams for each client.	1	K – E&S
Clear guidance to audit staff on confidentiality.	1	K – E&S
Procedures in place for disseminating information beyond teams/information barriers.	1	K – E&S
Secure data filing.	1	K – E&S
Confidentiality agreements signed by staff.	1	K – E&S
Regular review of application of safeguards by an individual not involved in the engagements.	1	K – E&S
Examiner comments This requirement was tackled very well by the majority of candidates.		
Total possible marks	8	6K, 2B
Maximum full marks	2	

Task 1.5 (c)	Mark	Nature
2 marks per well-explained threat	Max	
Self-review threat to objectivity etc: Telbury countersigned the application which it is now being asked to certify was valid, which will entail it reviewing its own work.	1 1	K – E&S B – E&I
Advocacy threat to objectivity etc: if it signs quickly whilst harbouring significant doubts, Telbury will be promoting the client's position when this is not supported by facts.	1 1	K – E&S B – E&I
Intimidation threat to integrity/objectivity etc: the short notice that Sandrine has given Telbury means that it lacks the time to complete adequate checks and resolve its doubts before signing the certificate, but if it does not sign it risks Fizzyair Ltd going out of business.	1 1	K – E&S B – E&I
Self-interest threat to objectivity etc: Telbury has benefitted from high levels of fees from Fizzyair Ltd over the years which are at risk if the green funding is lost by Fizzyair Ltd.	1 1	K – E&S B – E&I
Familiarity threat to objectivity etc: Fizzyair Ltd's directors socialise with Telbury's senior partners, so they may not be as objective as they should be when deciding whether to certify.	1 1	K – E&S B – E&I
Examiner comments		
This requirement was tackled very well by the majority of candidates.		
Total possible marks	10	5K, 5B
Maximum full marks	4	

Task 2.1					Mark	Nature
General comments						
This sub-task was extremely well answered and had the highest average mark on the paper.						
Task 2.1 (a)					Mark	Nature
		Hours		Total cost £		
High number		1,080		90,350	1	S – AN
Low number		630		60,200		
Variable cost		450		30,150	1	S – AN
Variable cost per hour £30,150/450 = £67						
		High £	or	Low £		
Total cost	October	90,350	September	60,200		
Variable costs	1,080 x £67	72,360	630 x £67	42,210	1	S – AN
Fixed costs per month		17,990		17,990	1	S – Q&AI
Examiner comments						
This requirement was answered correctly by all candidates.						
Total possible marks					4	4S
Maximum full marks					4	

Task 2.1 (b)						Mark	Nature
6 months to 30 June 2024							
	Number	Rate £	£	*Month s	Total £		
Sales	850	210	178,500 pm	6	1,071,000	1	S – AN
Labour	16	50,000	800,000 pa	6/12	400,000	1	S – AN
Direct expenses:							
fixed			17,990 pm	6	107,940	1OF	S – Q&AI
Variable	850	67	56,950 pm	6	341,700	1OF	S – AN
Admin			22,000 pm	6	132,000	1	S – Q&AI
Budgeted profit					89,360		
Recognise 6-month multiplication where relevant						1	S – AN
Examiner comments							
This requirement was tackled very well by the majority of candidates.							
Total possible marks						6	6S
Maximum full marks						6	

Task 2.1 (c)		Mark	Nature
2 marks per well-explained benefit		Max 4 1 1	K – BA B – AD
Flexibility: company always has an up to date budget for the 12 months ahead, so it can monitor its performance and make adjustments for eg revised cash and labour requirements.			
Rolling budgets result in targets and plans that are more realistic and accurate and complete (eg new ventures are included) because the time period between preparing budgets is shortened, so managers are more confident in making decisions in the fast-moving and uncertain technology services industry.		1 1	K – BA S - P&P

For example, cease production and drastically reduce prices on remaining inventory, or sell the enterprise to a third party.	1	B – PRO
Examiner comments This requirement was well attempted by the majority of candidates.		
Total possible marks	8	4K, 4B
Maximum full marks	6	

Task 2.3		
General comments Overall answers to this sub-task were competent but many answers to 2.3b were extremely poor.		
Task 2.3 (a)	Mark	Nature
<i>Nature of relationship:</i>	Max 2 marks	
The neighbour principle states that person might owe a duty of care in tort to another with whom they had no contractual relationship.	1	K – R&C
Where a professional (Telbury) provides a special skill in the course of business to somebody (Nintro) who then relies on that skill, this creates a special relationship between them in tort.	1	S – AN
The special relationship means a duty of care was owed by Telbury to Nintro in tort because it is a professional firm which prepared a report for Nintro.	1	S – AN
It was reasonably foreseeable by Telbury that Nintro would rely on the report when providing funds to Halley Ltd (<i>Hedley Byrne v Heller and Partners</i>).	1	K – R&C
The duty of care owed by Telbury to Nintro in tort was to avoid causing Nintro damage or economic loss arising from the assurance report.	1	K – R&C
<i>To make a claim for the tort of negligent misstatement, Nintro must show that:</i>	Max 2 marks	
Telbury owed a duty of care to Nintro not to be negligent as Telbury provided information to Nintro in the knowledge that Nintro will rely on it.	1	K – R&C
This duty will have to pass the tests for reasonably foreseeable damage, proximity between the parties, that it is fair, just and reasonable to recognise the duty, and there is no public policy that would prevent recognition of the duty of care.	1	B - AV
There was a special relationship between Nintro and Telbury.	1	K – R&C
Telbury breached its duty of care by preparing the report negligently, that is it failed to use the required level of skill and care , for instance by taking too little time to investigate Nintro’s financial position adequately, or by carrying out enquiries in a careless manner, and	1	B – AD
Nintro suffered consequential loss as a result of that breach, for example because it relied completely on the report and would not have made the investment if it had not received the report, or Halley’s financial position on 15 January 2023 was actually very poor and it was inevitable that it would fail.	1	B – PRO
In terms of reliance on the report, as a professional investment entity Nintro should have been able to make decisions for itself without blindly relying on an accountant’s report: <i>Springwell Navigation Corp v J P Morgan Chase Bank 2010</i> .	1	K – R&C
Conclusion	Max 1	

Examiner comments This requirement was tackled very well by the majority of candidates.		
Total possible marks	11	6K, 2S, 3B
Maximum full marks	5	

Task 2.3 (b)	Mark	Nature
Telbury may be protected in tort :		
as it was included in the report when it was handed to Nintro	1	S – AN
as per <i>Hedley Byrne v Heller</i> and the <i>Bannerman cases</i>	1	S – AN
even though there was a special relationship and even if the firm breached its duty of care.	1	K – R&C
Telbury may be protected in contract if:		
its disclaimer of liability regarding negligent misstatement in this business-to-business contract can be shown to be reasonable	1	S – AN
under the requirements of the Unfair Contract Terms Act (UCTA)	1	K – R&C
the disclaimer was a properly incorporated term in the contract with Nintro before it was finalised (<i>Olley v Marlborough Court</i>).	1	K – R&C

Examiner comments This requirement was tackled badly by many candidates and had the lowest average mark on the paper.		
Maximum full marks	6 3	3K, 3S

Task 2.3 (c)	Mark	Nature
<i>Benefits</i>	Max 4	
Automation:		
makes procedures more speedy and efficient, so will reduce Telbury's costs	2	S – AN
frees up staff for value-adding roles, eg giving advice, which will increase Telbury's margins.	2	S - TWC
Cloud accounting:		
Telbury's staff can access clients' records direct and do not need to be supplied with files, so more efficient and more accurate	2	S - TWC
helps with new requirements faced by clients eg coping with Making Tax Digital	2	B – AD
Telbury's clients can access a wider dataset in real time from any location, so can manage their businesses better and become more lucrative to Telbury.	2	S – AN
Machine learning and AI:		
can make decisions eg where the credit side of cash at bank transactions go which saves human input and increases Telbury's margins	2	S – AN
helps cope with use of technology by clients so will help retain them eg accounting for revenue from technologically innovative services.	2	B – AV
Developing technologies in general:		

Training in their use will help Telbury retain its staff, which will increase its margins	2	S – TWC
Maintains Telbury as being an up to date firm in the eyes of the marketplace, so can attract and retain clients.	2	B – PS
<i>Risks</i>	Max 4	
Developing technologies in general:		
Telbury's staff need to maintain professional scepticism about where information has come from and what system outputs mean, so errors/fraud do not occur / Staff may not be able to keep their skills up to date and learn to use the technologies effectively so advice to clients may suffer	2	B – PS
Telbury will face ever-increasing cyber risks, so these must be protected against	2	B – PRO
Outputs from an AI system may not be exactly understood by staff (inexplicability risk) so there may be fraud or error right under their noses / issue of data lineage - if a number is in a spreadsheet, for example, we need to be clear where it has come from, so we can rely on analyses and make good decisions	2	B – PS
Lack of understanding and/or accuracy in relation to regulated areas such as audit or probate may leave the firm open to legal/regulatory action	2	B – PRO
Risk that the technology suffers outage or becomes obsolete, so Telbury can get nothing done	2	B – PS
Risk of overruns on costs in installing /maintaining the technology, which will affect profits.	2	S – AN
Examiner comments This requirement was tackled very well by the majority of candidates.		
Total possible marks	30	8S, 22B
Maximum full marks	8	