Marking guide for Role Simulation Examination December 2021

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
- Business awareness
- Ethics and standards
- Regulation and compliance
- Systems and processes

The S marks are for the following skills:

- Analysis
- Communication
- Leadership
- Planning and prioritisation
- Producing quality and accurate information
- Team working and collaboration
- Using systems and processes

The B marks are for the following behaviours:

- Adaptability
- Adding value
- Ethics and integrity
- Proactivity
- Professional scepticism

For example, if the requirement was to 'analyse the industry using PESTEL analysis' 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 2021 marking grid

	Marks identified in marks scheme				Maximum full marks	Syllabus
	K	S	B	Total		
Task 1						
1.1a		9		9	9	Accounting
1.1b	4			4	4	Accounting
1.1c	4	5		9	7	Accounting
1.2	1	16		17	15	Accounting
1.3a	1			1	1	Assurance
1.3b	4	6	1	11	6	Assurance
1.3c	5	11		16	6	Assurance
1.4a	4		4	8	6	Assurance
1.4b	1	7	8	16	6	BTF
	24	**54**	**13**	**91**	**60**	
Task 2						
2.1a		4		4	4	MI
2.1b	3		3	6	3	BTF
2.1c		8	8	16	4	BTF
2.1d	5	6		11	4	BTF
2.2a		2	2	4	4	BTF
2.2b	7		9	16	6	Law
2.3a		4	2	6	5	MI
2.3b		4		4	4	MI
2.3c	1		12	13	6	MI
	16	**28**	**36**	**80**	**40**	
Overall total	**40**	**82**	**49**	**171**	**100**	

The marking information set out below is that used to mark the requirements in the December 2021 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.

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

Task 1.1 (a)		**Marks**	**Nature**
Accumulated depreciation on disposals:			
Vehicles disposed of: (118,400*0.5) + (118,400*0.5*0.5)	88,800	1 for 50% reducing balance 1 for 2 years	S Analysis
Equipment disposed of: 58,400*2.5/4	36,500	1 for straight line over 4 years 1 for 2.5 years	S Analysis
	125,300		
Depreciation charge:			
Charge for building: 4,200,000/50	84,000	1	S Analysis
Charge for vehicles: (2,554,880-2,091,700+88,800 OF) *0.5	275,990	1 for 50% reducing balance 1 for cost c/f less acc dep b/f 1 for **add back** disposal acc dep OF	S Analysis
Charge for equipment: 1,474,720/4	368,680	1	S Analysis
	728,670		
Examiner's comments			
Calculating accumulated depreciation on disposals (in particular) and the depreciation charge for the year, especially using the reducing balance method, formed a challenging task and there was a wide variation in scores.			
Total available marks **Maximum full marks**		**9** **9**	**9S**

Task 1.1 (b)			**Marks**	**Nature**
DR Payables	30,000		1 for DR/CR	K Technical
CR Retained earnings (cost of sales or purchases)		30,000	1 for accounts	
DR Provision	40,000		1 for DR/CR	K Technical
CR Retained earnings (admin expenses)		40,000	1 for accounts	
Examiner's comments				
The double entry for both the retrospective discount and the release of a provision was well-answered.				
Total available marks **Maximum full marks**			**4** **4**	**4K**

Task 1.1 (b)	Marks	Nature
Communication as email – header and footer and/or clearly a response for explanation to a third party	1 Max 6 Max 2 per aspect well-explained	S Communication
The information must therefore be **complete** (ie include all the information) …	1	K Technical
… eg on retrospective discount/ provision for legal costs so the user can understand these events	1	S Analysis
It must be **neutral or unbiased (ie….)**	1	K Technical
… eg so payables to Salus and provisions in respect of legal claims must not be understated or overstated.	1	S Analysis
Neutrality is supported by prudence – the exercise of caution when making estimates under conditions of uncertainty – eg, estimating the appropriate provision in respect of the claim by Tempent	1	S Analysis
It must be **free from error** (ie accurate/correctly accounted for)…	1	K Technical
…eg in describing the transactions/events related to Salus and Tempent, and in applying the process to produce the reported information.	1	S Analysis
Faithful representation means that financial information must faithfully represent the substance of the transactions and other events it purports to represent so it can be relied on/trusted	1	K Technical

Examiner's comments

Most candidates showed very good communication skills and an excellent understanding of how the adjustments processed for CC demonstrated the three aspects of faithful representation.

Total available marks	**9**	**4K, 5S**
Maximum full marks	**7**	

Task 1.2				

General comments

Performance on this task was very good among those candidates who made a serious attempt at it, though among candidates who mismanaged their time the scores were low. It was noticeable that many candidates did not give the statement of financial position a correct title, and also that several failed to present a separate calculation for PPE and for retained earnings, which cost valuable marks. Many omitted the tax adjustment from their calculations, but nearly all processed the adjustments from Task 1.1 into their calculations accurately, for which own figure credit was given.

Task 1.2			Marks	Nature
PPE working				
Draft PPE		7,075,700	1 for bf and OF total	S Quality & accurate info
Acc dep on disposals from 1.1a		125,300	1 OF	S Quality & accurate info
Depreciation charge 84,000 + 275,990 + 368,680 from 1.1a		(728,670)	1 OF	S Analysis
		6,472,330		
Retained earnings working				
Draft retained earnings		8,108,960	1 for bf and OF total	S Quality & accurate info
Release accumulated depreciation from 1.1a		125,300	1 OF	S Analysis
Depreciation charges from 1.1a		-728,670	1 OF	S Analysis
Retrospective discount from 1.1b		30,000	1 OF	S Analysis
Release legal costs provision from 1.1b		40,000	1 OF	S Analysis
Additional tax charge		-86,000	1	S Analysis
		7,489,590		
Cleanior plc: Statement of financial position as at 30 September 2021				
	£'000	£'000		
ASSETS				
Non-current assets				
Property, plant and equipment:		6,472,330	PPE Working	
Current assets				
Inventories	81,200		1 for all three figures	S Quality & accurate info
Trade and other receivables	5,460,100			
Cash and cash equivalents	3,796,960			
		9,338,260		
Total assets		**15,810,590**		
EQUITY AND LIABILITIES				
Equity				
Ordinary share capital (£1 shares)		2,000,000	1 for Share capital & loan	S Quality & accurate info
Retained earnings		7,489,590	RE Working	
Total equity		9,489,590		
Non-current liabilities				
Borrowings		2,500,000		
Current liabilities				
Trade and other payables 2,425,400-30,000	2,395,400		1 for three bf figs	S Quality & accurate info

Provision 1,210,000-40,000	1,170,000	3 for adjs from 1.1 OF	S Analysis
Income tax payable 169,600+86,000	255,600		
	3,821,000		
Total equity and liabilities	**15,810,590**		
Title		1	K Regulation & compliance
Presentation: headings and layout		1	S Quality & accurate info
Total available marks		**17**	**1 K, 16 S**
Maximum full marks		**15**	

Task 1.3			
General comments			

Performance on the different requirements of this assurance-focussed sub-task was disappointing and very varied, though 1.3b was well answered. Only seven candidates achieved competency in the sub-task as a whole and no candidate scored full marks on the sub-task itself, though full marks were obtained by at least one candidate in each of the parts.

Task 1.3 (a)	Marks	Nature
B Beth required Alice's authorisation before she requested confirmation from each client	1	K Systems & processes
Examiner's comments		

Only a small minority of candidates correctly answered this one-mark OT requirement on the authorisation of circularisation letters from CC to customers.

Total available marks	**1**	**1 K**
Maximum full marks	**1**	

Task 1.3 (b)	Marks	Nature
Positive v negative	Max 3	
Under the positive method Cleanior asks the client to state the balance owed, or to confirm the accuracy of the balance shown in the request, or to state in what respect they disagree with the balance shown, whereas under the negative method Cleanior asks the customer to reply only if the amount shown in the request is disputed.	1	K Systems & processes
The positive method is preferable as it encourages definite replies from clients.	1	K Systems & processes
The negative method generally provides less reliable audit evidence as it does not necessarily mean the customer agrees with the balance	1	K Systems & processes
it is not clear, if a client does not respond, whether this is because they did not receive the confirmation request, or they just ignored it.	1	K Systems & processes
It is only effective if: • the system of internal control is strong (risk of error is low); and • there are a large number of small balances (any non-reply where there is a misstated balance will not be material)	1	B Professional scepticism

Alternative procedures for gathering audit evidence about the client's debt:	Max 3	
Vouch receipt of cash from the client after 30 September to post year end cash book/bank statement/remittance advices	1	S Using systems
Inspect correspondence between Cleanior and Tempent for evidence of disputed amounts	1	S Using systems
Examine the client's account to see if the balance outstanding represents specific invoices and confirm their validity to Job Completion Notes	1	S Using systems
Obtain explanations from finance function staff for invoices that remain unpaid post year-end after subsequent ones have been paid	1	S Using systems
Check if the balance on the account is growing and, if so, establish why	1	S Using systems
Test Cleanior's controls over the issue of credit notes and the write-off of irrecoverable receivables	1	S Using systems

Examiner's comments

This requirement was well answered, with candidates making a good explanation of why the positive rather than the negative method is superior. Many identified one or two alternative procedures for gathering audit evidence but struggled to identify a third accurately.

Total available marks	**11**	**4K, 6S, 1B**
Maximum full marks	**6**	

Task 1.3 (c)	Marks	Nature
Analytical procedures	Max 3	
The purpose of analytical procedures at the planning stage of the audit was to allow Garten to **assess risk**	1	K Systems & processes
…and to **obtain an understanding** of Cleanior and its environment.	1	K Systems & processes
The nature of the procedures involves the auditor evaluating financial information by analysing **plausible relationships** among both financial and non-financial data.	1	K Systems & processes
They also investigate fluctuations or relationships that are **inconsistent with other relevant information** or that **differ from expected values** or patterns by a significant amount.	1	K Systems & processes
One example of analytical procedures at the planning stage:	Max 1 for an example	
• comparing with information for prior periods or expected results, from historic data, budgets and Alice's expectations	1	S Using systems
• comparing with industry information, such as a comparison of Cleanior's receivables days with industry averages	1	S Using systems
• considering relationships between elements of financial information that should conform to the usual predicted pattern, such as the relationship of gross profit to sales	1	S Using systems
• considering relationships between financial information and relevant non-financial information, such as between payroll costs and the number of employees	1	S Using systems

One effect of higher inherent risk:	Max 2 for effect	
A higher level of inherent risk raises the level of overall audit risk.	1	K Systems & processes
Beth cannot reduce inherent risk itself so detection risk needs to be reduced	1	S Using systems
Beth will use her professional judgement and all available knowledge to identify ways to plan to reduce the effect of higher inherent risk during the final audit.	1	S Using systems
Beth may plan to:		
• **increase** the level of testing/ eg sample sizes for receivables and payables substantially in the final audit	1	S Using systems
• Obtain more persuasive evidence (ie externally generated/documented)	1	S Using systems
• Use more experienced audit staff	1	S Using systems
• Exercise a higher level of professional scepticism	1	S Using systems
• Reduce materiality thresholds	1	S Using systems

Examiner's comments

This requirement on the use of analytical procedures in audit planning was poorly answered as many candidates failed to identify their use to assess audit risk and diverted into discussing analytical procedures as a means of substantive testing for example. However, most did explain one effect of high inherent risk on the final audit, such as the need for bigger sample sizes. Weaker candidates merely defined inherent risk without discussing its impact.

Total available marks	**16**	**5K, 11 S**
Maximum full marks	**6**	

Task 1.4

General comments

Overall performance in this task was the best in the paper.

Task 1.4 (a)	Marks	Nature
Greg stated that Alice may have misled Garten LLP about the level of sales Cleanior achieved, which is questioning Alice's **integrity (**a professional accountant should be honest and straightforward in all dealings, and should refuse to be associated with misleading information)	Max 2 for integrity explained	K Ethics & standards B Ethics & integrity
Greg is also questioning Alice's **professional behaviour**, which requires professional accountants to comply with relevant regulations**.** It is her legal duty to provide accurate information in good faith to the statutory auditor, so they are suggesting she is not doing that.	Max 2 for professional behaviour explained	K Ethics & standards B Ethics & integrity
In addition, Greg claims that Alice is a disgrace to the accountancy profession, in breach again of **professional behaviour as** a professional accountant must not bring the accountancy profession into disrepute.		
Implying that Alice has overstated sales to increase her bonus questions her **objectivity**, which requires her to be unbiased	Max 2 for objectivity explained	K Ethics & standards B Ethics & integrity

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Greg is questioning Alice's **professional competence and due care** by suggesting that she was in charge of a transaction recording system that was flawed.	Max 2 for competence/due care explained	K Ethics & standards B Ethics & integrity
Examiner's comments Most candidates interpreted the various allegations made against the FD in terms of her professional ethics very well indeed.		
Total available marks **Maximum full marks**	**8** **6**	**4 K, 4 B**

Task 1.4 (b)	Marks	Nature
For Cleanior the **purpose** of its corporate code of conduct should be: To tell **stakeholders** outside the company – especially clients – the standards that Cleanior is striving to achieve in terms of ethical conduct To provide a **guide for employees, managers and directors** on how to act in relation to stakeholders (both inside and outside the company) and what will happen if they don't comply To describe the **procedures for an employee** who highlights unethical behaviour and abuse within the company and what the company aims to do about this	Max 2 for purpose -1 for who -1 for what it achieves	K Business awareness B Adding value
Challenges that may be improved by a code of conduct:	Max 4 for challenges- 2 per challenge identified and explained	
Motivate team members: It may help to motivate permanent and agency team members if they know there is a clear procedure for whistle-blowing and grievance-handling/they are given examples of good behaviour/management eg teamwork	2	S Analysis B Adaptability
Focus on people not just profits: It may help to improve poor people management, which is affecting profits, by highlighting the importance of people to the company	2	S Analysis B Adaptability
Address turnover of permanent employees/ reliance on agency workers: It is costly to use agency workers because of the agency fees, which reduces profits, and agency workers may be more likely to behave poorly with customers	2	S Analysis B Adaptability
Address specific people management problems eg bullying behaviour: it may clarify for team leaders, managers and directors that they must treat team members ethically, that is with respect and fairness (which may reduce incidents of bullying, rude behaviour, carelessness, rule-breaking)	2	S Analysis B Adaptability
Reduce division among the people in the company: It may clarify that all employees, including directors, are subject to the code, so people are encouraged to work better together	2	S Analysis B Adaptability
Improve leadership: It may help to improve the 'tone at the top' if the directors lead from the front and fully endorse the code of conduct, especially given CC's historically poor record on this point	2	S Analysis B Adaptability

Increase sales: It may encourage clients to believe that they are dealing with an ethical and reliable provider of services, which could lead to repeat or bigger contracts	2	S Analysis B Adaptability

Examiner's comments Again, most candidates applied the basic purpose of a corporate code of conduct to CC's particular people management challenges very well.		
Total available marks **Maximum full marks**	**16** **6**	**1 K, 7 S, 8 B**

Task 2.1
General comments
Performance on this sub-task was good.

Task 2.1 (a)				Marks	Nature
Depot 9	KPIs achieved 30/9/21	Budget KPIs 30/9/22			
Return on investment	18.1% (86k/475k)	18.8% (92k/490k)		2	S Analysis
Residual income	£38,500 (86k-10% x 475k)	£43,000 (92k-10% x 490k)		2	S Analysis
Examiner's comments					
Most candidates calculated the measures completely correctly. Those who did not typically calculated ROI correctly but appeared to be unsure about the calculation of RI.					
Total available marks **Maximum full marks**				**4** **4**	**4 S**

Task 2.1 (b)	Marks	Nature
Customer KPIs:	Max 1	
customer satisfaction in surveys, customer retention rate, growth in revenue per customer, rate of customer complaints	1	K Business awareness
Number of lawsuits submitted for negligence/breach of contract	1	B Proactivity
Internal business processes KPIs:	Max 1	
on-time completion rates for jobs/tasks	1	K Business awareness
speed of invoicing against JCNs/speeding or providing management information; speed/quality of cleans (eg how many claims have been received for bad cleans); speed of response by contract managers to customer queries	1	B Proactivity
Innovation and learning KPIs:	Max 1	
retention of permanent team members; number of new methods of cleaning introduced	1	B Proactivity
training hours per employee; percentage of revenue from new services; time to market for new services	1	K Business awareness
Examiner's comments		
Although candidates seemed to be comfortable with the idea of the three non-financial quadrants of the BSC, they often included measures under the wrong quadrant heading or failed to specify KPIs accurately, providing general goals instead.		
Total available marks **Maximum full marks**	**6** **3**	**3 K, 3 B**

Task 2.1 (c)	Marks	Nature
Contracts management CSF:	Max 2 for 1 CSF identified and explained under each heading	
Maintenance of **good relationship with each customer**, eg by maintaining prices or complying with SLAs, because CC wants to ensure that ongoing contracts are renewed, and deep cleans are commissioned	2	S Analysis B Adding value
Excellent **communication** between customer and CC, because CC wants to ensure any problems or requirements are picked up quickly	2	S Analysis B Adding value
Properly drafted contracts and SLAs, because both parties want to be clear about standards and other terms	2	S Analysis B Adding value
Operations management CSF:		
Good **management of time, people, suppliers and resources** so CC's margins are preserved	2	S Analysis B Adding value
High **standards of cleaning**, because CC wants to honour its contracts	2	S Analysis B Adding value
Sufficient good team members on customer sites, because CC wants to restore its reputation	2	S Analysis B Adding value
Appropriate equipment, because CC needs to complete tasks quickly and at low cost, without delays	2	S Analysis B Adding value
Security of procedures, because CC wants to restore its reputation/ avoid losses/being sued/generate customer trust	2	S Analysis B Adding value
Examiner's comments		
Despite a clear flag in the AI about CSFs, many candidates struggled to identify factors that CC had to get right in order to be competitive, especially in relation to managing contracts with customers.		
Total available marks **Maximum full marks**	**16** **4**	**8 S, 8 B**

Task 2.1 (d)	Marks	Nature
Leonard's 'just get the job done' is an aim, not an objective as it is not:	1	S Analysis
	Max 2 per SMART element identified and explained by application (first two only)	
Specific – what do 'job' and 'done' mean? No mention of contracts, SLAs or standards, for example	2	K Business awareness S Analysis
Measurable – how do we know when we have completed required tasks to the required standard?	2	K Business awareness S Analysis

	Marks	Nature
Achievable – there is no mention of the resources that should be used – anybody can complete a job if they use three times as many resources than would allow a profit, for example	2	K Business awareness S Analysis
Relevant – the objective only focuses on completing tasks, not on managing resources effectively which is a core part of operations management	2	K Business awareness S Analysis
Time-bound – the objective does not cover the timescale for completing the job	2	K Business awareness S Analysis

Examiner's comments

Candidates were very confident in identifying the lack of specificity and measurability, in particular, in the objective 'Just get the job done'.

Total available marks	**11**	**5 K, 6 S**
Maximum full marks	**4**	

Task 2.2

General comments
Most candidates performed extremely well on this sub-task.

Task 2.2 (a)	Marks	Nature
Marketing and sales director: **Potential demand** - for what percentage of clients/potential clients will innovative robot services be appropriate? **Market** - will existing clients want the service or will CC only make it available to new or larger clients? **Marketing** - can all 21 depots be provided with the robots so CC can market the service nationally? **Pricing** - what price will clients be prepared to pay, given what the robots can achieve?	Max 2 for a factor identified and explained	S Planning and prioritising B Adaptability
HR director: **Skills** - do CC employees/agency workers have the skills to operate and maintain the robots, and can they be trained? **Motivation** - will employees feel threatened/demotivated by robots because human skills are being replaced by automation? **Management** - will advances in intelligent systems make the robots obsolete, so people will still be needed to keep on top of the situation? **Redundancies** - will use of robots lead to redundancies and how will this be handled?	Max 2 for a factor identified and explained	S Planning and prioritising B Adaptability

Examiner's comments

Most candidates scored very well on this requirement, though a few failed to identify HR factors and instead focused on operations.

Total available marks	**4**	**2 S, 2 B**
Maximum full marks	**4**	

Task 2.2 (b)	Marks	Nature
Nature of claims	Max 2	
Both are actions under civil law, not criminal law, with Parla as claimant and CC as defendant, with proof necessary from Parla on the balance of probabilities	1	K Regulation & compliance
Negligence is a tort, contract is not	1	K Regulation & compliance
To claim for negligence Parla must show that:		
CC owed it a duty of care to avoid causing damage or loss; CC breached that duty; in consequence Parla suffered damage or loss.	1	K Regulation & compliance
To claim for fundamental repudiatory breach of contract Parla must show that:		
there was a breach of a fundamentally important contract term in the SLA which deprived Parla of substantially the whole benefit of the contract, bringing the contract to an end.	1	K Regulation & compliance
Success of claims: application	Max 4	
Negligence – yes, it seems likely that Parla will be successful	1	B Proactivity
…as M caused damage when he went into the room and unplugged the server	1	B Adaptability
… and C will be vicariously liable in respect of Marius	1	B Adaptability
Contract - Parla would succeed in its claim for breach of contract	1	B Proactivity
…. As it appears the term in the SLA that was breached by CC goes to the root of the contract so the whole contract is discharged by breach OR	1	B Adaptability
Contract - Parla would not succeed in its claim for breach of contract	1	B Proactivity
…as Parla still had its premises cleaned, which is the main purpose of the contract, so the breach was not fundamental	1	B Professional scepticism
Remedy	Max 1	
Both lead to an award of **damages** (compensation for loss)	1	K Regulation & compliance
Parla could show its loss was the cost of its disrupted activities	1	B Proactivity
Court will consider remoteness of loss/reasonable foreseeability	1	K Regulation & compliance
In assessing the amount of damages, it is assumed Parla will have taken reasonable steps to mitigate its losses	1	K Regulation & compliance
Injunctions or decrees of specific performance are unlikely as the court cannot monitor CC's compliance with them	1	B Proactivity

Examiner's comments
A large majority of candidates scored full marks on this law question, but weaker candidates struggled to distinguish clearly between the two types of claim.

	Marks	Nature
Total available marks	**16**	7 K, 9 B
Maximum full marks	**6**	

Task 2.3
General comments
Answers to this sub-task were polarised, with some excellent attempts but a significant number of candidates failing to achieve competency. The weaker candidates appear to have failed to manage their time effectively in the exam as a whole.

Task 2.3 (a)			Marks	Nature
Depot 21:				
Price per contract	£1,200 * 0.95	£1,140	1	S Analysis
Variable costs per contract	£960 + £10	£970	1	S Analysis
Contribution		£170		
Fixed costs	£10,000 * 0.85	£8,500	1	S Analysis
Breakeven contracts in December	£8,500/(£170)	50	1 OF Max 1 for comment	S Analysis
The breakeven point in the original budget was £10,000/£240 = 42 contracts, so the operational changes mean that the breakeven point has increased			1 OF	B Adding value
So achieving 80 in December, as expected by Yousef, will mean that the breakeven point of 50 is exceeded			1 OF	B Adding value

Examiner's comments
Most candidates obtained full marks on this breakeven calculation but some weaker candidates failed to make any useful comment on their result.

	Marks	Nature
Total available marks	**6**	**4 S, 2 B**
Maximum full marks	**5**	

Task 2.3 (b)			Marks	Nature
Customer contracts: contribution	70*£170OF	11,900	1	S Analysis
Orinoko contract: contribution	£16,200*0.16	2,592	1	S Analysis
Fixed costs		(11,000)	1	S Quality/ accurate info
Profit in January 2022		3,492	1 OF	S Analysis

Examiner's comments
A surprising number of candidates struggled to complete a full forecast which included the contributions from both types of contract less the revised total fixed costs.

	Marks	Nature
Total available marks	**4**	**4 S**
Maximum full marks	**4**	

Task 2.3 (c)	Marks	Nature
Steps to improve Depot 21's result in January 2022:	Max 2 per step identified and explained – first three marked Max 3 if two steps relate to revenue	
Increase revenue – achieve a **higher price** by personal selling, improving quality	2	B Adding value

Increase revenue – **higher volume:** better marketing, more contracts, understand price elasticity of demand (reduce price to increase volume)	2	B Adding value
Reduce **variable costs** – establish why they are £10 per contract per month higher than at other depots	2	B Adding value
Reduce **fixed costs** so more revenue will be retained – assess nature of normal fixed costs and establish whether they are needed, establish why fixed costs will rise so much when the Orinoko contract starts	2	B Adding value
Increase **capacity** so more contracts can be taken on alongside Orinoko	2	B Adding value
Improve level of **contribution from Orinoko contract** by looking at price, variable and additional fixed costs	2	B Adding value
Improve **accuracy of forecasting process**…	1	K Business awareness
Examiner's comments This sub-task was quite poorly answered as most candidates failed to explain more than two ways in which CC could quickly change their approach so that next month's forecast performance could be improved.		
Total available marks **Maximum full marks**	**13** **6**	**1 K, 12 B**