

Marking guide for Role Simulation Examination December 2022

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 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 2022 marking grid

	Marks identified in marks scheme				Maximum marks awarded	
	K	S	B	Total		
1.1a	6	2	0	8	8	Accounting
1.1b	6	0	0	6	4	Accounting
1.2	4	14	0	18	17	Accounting
1.3a	7	14	0	21	6	Assurance
1.3b	5	5	0	10	4	Assurance
1.3c	5	0	0	5	2	Assurance
1.3d	3	4	0	7	5	Assurance
1.3e	0	2	0	2	2	Assurance
1.4a	4	0	4	8	6	Assurance
1.4b	0	1	0	1	1	Assurance
1.4c	0	1	0	1	1	Accounting
1.4d	1	1	1	3	2	Law
	41	44	5	90	58	
2.1a	0	4	0	4	4	MI
2.1b	0	6	7	13	4	MI
2.2a	5	6	4	15	6	Law
2.2b	6	3	5	14	6	BTF
2.2c	1	2	0	3	3	BTF
2.2d	0	5	5	10	4	BTF
2.3a	0	8	1	9	9	MI
2.3b	0	1	0	1	1	MI
2.3c	4	0	6	10	5	BTF
	16	35	28	79	42	
Overall total	57	79	33	169	100	
					30	Accounting
					26	Assurance
					8	Law
					18	BTF
					18	MI
					100	

The marking information set out below is that used to mark the requirements in the December 2022 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 very well-answered, with the second highest average mark on the paper.

Task 1.1 (a)	Marks	Nature
DR Trade and other receivables/Prepayments 9 CR Profit for the year/Admin expenses 9 <i>Prepaid insurance (54*2/12)</i>	1 for calc 1 for dr/cr accounts	S Analysis K Technical
DR Profit for the year/Revenue 18 CR Trade and other payables/Deferred income 18 <i>Deferred income deposits from customers</i>	1 for accounts 1 for dr/cr	K Technical K Technical
DR Bank 45 CR Share capital 15 CR Share premium 30 <i>Share issue at premium</i>	1 for calc 1 for dr/cr 1 for cap/prem split	S Analysis K Technical K Technical
Narratives	1	K Technical
Examiner comments		
This requirement was tackled very well by the majority of candidates.		
Total possible marks	8	6K, 2S
Maximum full marks	8	

Task 1.1 (b)	Marks	Nature
<u>Insurance premiums</u> are classified by the Conceptual Framework as an expense when they are paid as cash in the period to which they relate (10/12 of the total amount paid is shown in Reloco's statement of profit or loss for the year ended 31 October 2022).	1	K Regulation & compliance
However when the payment relates to insurance premiums for a subsequent period (the remaining two months of 2022 ie 2/12 of the total amount paid), they are classified by the Conceptual Framework as an asset at the period end, ie a prepayment shown in Reloco's statement of financial position as at 31 October 2022...	1	K Regulation & compliance
... which increases the equity as classified by the Conceptual Framework as at 31 October 2022 because 2/12 expense is deferred until the subsequent year.	1	K Regulation & compliance
<u>Customer deposits</u> are only classified by the Conceptual Framework as revenue if they are received as cash in the period in which the related service obligation is actually performed.	1	K Regulation & compliance
However when the deposit is received as cash in respect of a service to be provided in a subsequent period, the deposit becomes classified by the Conceptual Framework as a liability at the period end, ie deferred income shown in Reloco's statement of financial position as at 31 October 2022.....	1	K Regulation & compliance
which decreases the equity as classified by the Conceptual Framework as at 31 October 2022 because the revenue is deferred until the subsequent year	1	K Regulation & compliance

Examiner comments		
This requirement was tackled less well than 1.1(a) as many candidates failed to reference the classifications used in the Conceptual Framework when explaining their accounting treatments, although most demonstrated sufficient understanding to achieve competency.		
Total possible marks	6	6K
Maximum full marks	4	

Task 2	Marks	Nature		
Reloco Ltd: Statement of financial position as at 31 October 2022				
	£'000	£'000		
ASSETS				
Non-current assets				
Property, plant and equipment (7430-3580-986)		2,864	2	S Analysis
Current assets				
Inventories (360+14)	374		1	S Q&AI
Trade and other receivables (6360+9-850)	5,519		2	S Analysis
Cash and cash equivalents (7250+45)	7,295		1	S Q&AI
		13,188		
Total assets		16,052		
EQUITY AND LIABILITIES				
Equity				
Ordinary share capital (10p shares) (1000+15)		1,015	1	S Q&AI
Share premium		30	1	K Technical
Retained earnings (5550+2060+9+14-986-18-850)		5,779	6	S Analysis
Total equity		6,824		
Non-current liabilities				
		2,000	1	K Technical
Current liabilities				
Trade and other payables (6950+18)	6,968		1	S Q&AI
Income tax payable	260		1	K Technical
		7,228		
Total equity and liabilities		16,052		
Title, headings etc			1	K R&C

Examiner comments		
Performance in this sub-task was disappointing and the weakest on the paper. Many candidates failed to present a detailed working for retained earnings, as stated in the requirement, which limited their marks. Some forgot to process the journals in 1.1(a), or deducted figures rather than added them and vice versa. Many forgot to include the share premium or the loan on the face of the statement of financial position. A significant number failed to include the document's title or other headings accurately.		
Total possible marks	18	4K, 14S
Maximum full marks	17	

Task 1.3
General comments
Overall this sub-task was well-answered although many candidates scored poorly on tests of control in 1.3 (b).

Task 1.3 (a)	Marks	Nature
Ordering consumables:	Max 3	
<i>Risk:</i> Consumables may be ordered for private use	1	K Systems & processes
Consumables may be misappropriated	1	K Systems & processes
Orders may not be placed on the most advantageous terms re prices and credit period	1	K Systems & processes
Orders may be placed with unsuitable suppliers (eg which produce poor quality goods)	1	K Systems & processes
<i>Control objective:</i> Consumables ordered must be for the company's purposes	1	S Using systems
Consumables should only be ordered in compliance with predetermined procurement/authorisation processes	1	S Using systems
Orders should only be placed with suppliers which have been vetted	1	S Using systems
<i>Control:</i> Prepare a written purchase requisition (PR)	1	S Using systems
Obtain independent authorisation of PR, evidenced by depot manager's signature	1	S Using systems
Prepare a sequentially numbered written record of the purchase order (PO) placed over the phone/by email	1	S Using systems
Get PO countersigned by depot manager	1	S Using systems
Pass PR and PO to persons in depots authorised to receive goods and to finance function.	1	S Using systems
Ensure only suppliers from an approved list are used	1	S Using systems
Receiving consumables at the depots		
<i>Risk:</i> Consumables may be accepted that have not been ordered/are of poor quality	1	K Systems & processes
Short deliveries may be accepted because quantities are taken from the supplier's delivery note	1	K Systems & processes
Consumables may be misappropriated	1	K Systems & processes
<i>Control objective:</i> Only accept quality consumables for which there is evidence of a detailed, valid PO	1	S Using systems

<i>Control:</i> Match consumables received with countersigned PO	1	S Using systems
Check deliveries for quality as well as quantity	1	S Using systems
Prepare written, sequentially numbered GRN for consumables actually received	1	S Using systems
Pass copy of GRN and supplier's delivery note to person who placed order and to finance function	1	S Using systems
Examiner comments		
This requirement was tackled well by the majority of candidates. Some missed out on marks by failing to distinguish clearly between risks, control objectives and controls		
Total possible marks Maximum full marks	21 6	7K, 14S

Task 1.3 (b)	Marks	Nature
Tests of control over a sample of electronic payments to suppliers	2 per well-explained test	
Vouch each individual supplier payment to the electronic payment run that it was included in	1	K Systems & processes
...which will provide evidence that authorisation, arithmetic and bank controls operated	1	S Using systems
Check that each electronic payment run was authorised and initiated by separate appropriate persons	1	K Systems & processes
...which will provide evidence that authorisation and segregation of duties controls were followed	1	S Using systems
Check each payment to the individual invoices that were paid, for evidence of authorisation for payment	1	K Systems & processes
...which will provide evidence that authorisation controls were followed	1	S Using systems
Check that each invoice has been marked/identified as 'paid'	1	K Systems & processes
...which will provide evidence that the controls against duplication of payment have operated	1	S Using systems
Check each payment to the relevant supplier statement	1	K Systems & processes
...which will provide evidence that it was received and therefore that controls operated effectively	1	S Using systems
Examiner comments		
This requirement was the most badly answered requirement on the paper. The majority of candidates did not appear to understand the fact that tests of controls over an electronic payment run are not the same as tests of control over individual payments.		
Total possible marks Maximum full marks	10 4	5K, 5S

Task 1.3 (c)	Marks	Nature
Two assertions tested by reconciling supplier statements		
Completeness - All trade payables are included in financial statements.	1	K Systems & processes
Cut-off – All purchases have been recorded in the correct accounting period.	1	K Systems & processes
Existence – Trade payables exist	1	K Systems & processes
Rights and obligations – Trade payables are obligations of Reloco.	1	K Systems & processes
Accuracy, valuation and allocation – included at appropriate amounts after any relevant adjustments	1	K Systems & processes
Examiner comments		
This requirement was very well tackled by the majority of candidates.		
Total possible marks	5	5K
Maximum full marks	2	

Task 1.3 (d)	Marks	Nature
<u>Email to Bella (appropriate format/style)</u>	1	S Communication
<u>Random selection</u>	Max 2	
Random selection ensures that all items in the population have an equal chance of selection .	1	K Systems & processes
Elise may use random number tables or a computerised random number generator ...	1	K Systems & processes
... to identify invoices or balances or suppliers for testing.	1	S Using systems and processes
This would require sequential numbering of, for example, invoices received, or identification of invoices by date received.	1	S Using systems and processes
<u>Systematic selection</u>	Max 2	
Systematic selection involves selecting items using a constant interval between selections , the first interval having a random start.	1	K Systems & processes
For example, Elise may select every 100th invoice from a list of invoices received in date order, starting with an invoice that is identified using random number tables/ random number generator.	1	S Using systems and processes
Examiner comments		
This requirement was very well tackled by the majority of candidates.		
Total possible marks	7	3K, 4S
Maximum full marks	5	

Task 1.3 (e)	Marks	Nature
(1) An increase in the amount of misstatement the auditor expects to find in the population: this would <u>increase</u> the sample size.	1	S Using systems & processes
(2) An increase in tolerable misstatement: this would <u>decrease</u> the sample size.	1	S Using systems & processes
Examiner comments		
This requirement was very well tackled well by the majority of candidates and saw the highest average score on the paper, with all candidates scoring full marks.		
Total possible marks Maximum full marks	2 2	2S

Task 1.4
General comments
Overall this sub-task was well-answered although performance on 1.4 (b) and 1.4 (c) was disappointing.

Task 1.4 (a)	Marks	Nature
Integrity: Emile has presented misleading information to users in the form of over-optimistic forecasts which were intended to create an overly favourable impression	1 1	K Ethics/standards B Ethics/integrity
Objectivity: Emile has allowed his own self-interest in the sale so that he can buy a house to bias his presentation of information	1 1	K Ethics/standards B Ethics/integrity
Professional competence and due care: Emile's preparation of financial statements on the going concern basis fails to comply with relevant technical standards which would require a different basis of accounting	1 1	K Ethics/standards B Ethics/integrity
Professional behaviour: Emile's misleading, biased, self-interested and unprofessional conduct will discredit the profession	1 1	K Ethics/standards B Ethics/integrity
Examiner comments		
This requirement was tackled very well by the majority of candidates.		
Total possible marks Maximum full marks	8 6	4K, 4B

Task 1.4 (b)	Marks	Nature
A It presents a familiarity threat	1	S Analysis
Examiner comments		
Surprisingly, many candidates failed to recognise that Emile's request to his friend Rahma presented a familiarity threat to her compliance as a chartered accountant with the fundamental principles.		
Total possible marks Maximum full marks	1 1	1S

Task 1.4 (c)	Marks	Nature
Break-up basis	1	S Analysis
Examiner comments		
This requirement was tackled surprisingly poorly by the majority of candidates, who failed to identify clearly that break-up value was the appropriate basis for redrafting the financial statements given that Stra Ltd was not a going concern.		
Total possible marks Maximum full marks	1 1	1S

Task 1.4 (d)	Marks	Nature
No	1	B Adding value
Debt is not yet even due for payment so no written demand can be sent	1	S Analysis
When the debt is due but not paid, Stra must be given at least 21 days after the written demand to pay the debt before the petition can be presented	1	K Regulation & compliance
Examiner comments		
This requirement was tackled well by the majority of candidates.		
Total possible marks Maximum full marks	3 2	1K, 1S, 1B

Task 2.1
General comments
Overall this sub-task was answered very well, showing the highest average mark on the paper.

Task 2.1 (a)	Marks	Nature		
Receivables days	30.4 days	$(1780/21360)*365$	1	S Q & AI
Payables days	56.2 days	$(2430/(21360-5580))*365$	2	S Q & AI
Quick ratio	0.48	$(1780+280)/4320$	1	S Q & AI
Examiner comments				
This requirement was tackled very well by the majority of candidates.				
Total possible marks Maximum full marks	4 4	4S		

Task 2.1 (b)	Marks	Nature
Yes, Stra does appear to be in financial difficulties	1	B Adding value
At only a 0.9% margin, net profit is extremely low	1	S Analysis
It has net current liabilities of £1,910, so it cannot pay short term debts as they fall due	1	S Analysis
Payables days are almost twice receivables days so Stra may be struggling to pay suppliers on time...	1	B Professional scepticism
...though this could simply be good working capital management	1	B Professional scepticism
Receivables days and payables days have both lengthened considerably since April 2022...	1	S Analysis

...in relation to payables, this could be a sign that Stra cannot pay its suppliers and is losing the confidence of its commercial customers Quick ratio is well below industry average of 1.45. ...and is less than 1 which suggests it cannot pay short-term debts as they fall due	1 1 1	B Professional scepticism S Analysis B Professional scepticism
Its overdraft has increased 57.5% or by £690k in six months from £1.2m... ...which is indicative of cash flow problems	1 1	S Analysis B Professional scepticism
There is both evidence and admission of manipulating figures to encourage a quick sale... ...which indicates desperation to resolve financial difficulties	1 1	S Analysis B Professional scepticism
Examiner comments		
This requirement was tackled very well by the majority of candidates.		
Total possible marks Maximum full marks	13 4	6S, 7B

Task 2.2
General comments
Performance in this sub-task was comparatively weak, as some candidates performed poorly on 2.2(a) and 2.2(b) in particular

Task 2.2 (a)	Marks	Nature
<i>Loss 1 Late delivery/ several non-charging handsets:</i> Losses arise naturally from the breachand may reasonably be supposed to have been in the contemplation of both HDT and Reloco as being a probable consequence when the contract was made. There is no break in chain of causation , so: <ul style="list-style-type: none">costs of delivering them to the 18 depots can be recoveredcost of replacing them with functioning handsets are recoverable Reloco should mitigate its losses as far as possible	Max 2 1 1 1 1 1	K Regulation and compliance S Analysis K Regulation and compliance B Added value B Added value K Regulation and compliance
<i>Loss 2 Getting lost so significant extra miles/low emissions charges are added to journeys:</i> Losses arise naturally from the breach and were reasonably foreseeable from having flawed GPS... ...this is not exceptional or abnormal , so: <ul style="list-style-type: none">extra costs and charge are probably recoverable	Max 2 1 1 1	K Regulation and compliance S Analysis B Added value
<i>Loss 3: Getting so lost that the lorry gets stuck on a cliff edge:</i> This may be seen as exceptional and not reasonably foreseeableas it is reasonable to assume the driver would not approach so close to a cliff edge.	Max 2 1 1	S Analysis S Analysis

The associated costs of the rescue may not be recoverable... ... unless Reloco can show that HDT knew, at the time the contract was formed, of the special circumstances from which these abnormal consequences could arise	1 1	S Analysis K Regulation and compliance
The bad publicity around the cliff rescue may result in costs such as lost custom in the future. Such costs are too remote from the manner in which HDT supplied the handsets so cannot be recovered.	1 1	B Added value S Analysis
Examiner comments		
It was disappointing to note that many candidates omitted to apply any law knowledge to the facts of the scenario, in particular in relation to remoteness of damage, as stated in the requirement. Instead answers tended to take a common sense approach, which attracted limited credit.		
Total possible marks Maximum full marks	15 6	5K, 6S, 4B

Task 2.2 (b)	Marks	Nature
Issue 1: credit risk	Max 3 1	K Business awareness
a controllable financial risk	1	K Business awareness
a high impact and high probability risk	1	K Business awareness
reduce by consistently implementing credit control procedures by requiring substantial deposits, as for households	1 1 1	B Proactivity B Proactivity B Proactivity
as credit control procedures will ensure that Reloco does not extend credit in the first place to commercial customers who are late paying or who do not pay	1	S Analysis
as deposits will mean Reloco is at least partly recompensed by retention of the deposit	1	S Analysis
Issue 2: event risk/disaster risk/technology risk	Max 3 1	K Business awareness
an operational risk	1	K Business awareness
a high impact and low probability risk	1	K Business awareness
share by taking out insurance	1 1	B Proactivity B Proactivity
as this will ensure that Reloco recoups at least some of the costs incurred in dealing with such a situation	1	S Analysis
Examiner comments		
This requirement was not tackled well by the majority of candidates. Many missed out on marks by failing to distinguish clearly between risk classification and risk management categories such as risk reduction or risk sharing.		
Total possible marks Maximum full marks	14 6	6K, 3S, 5B

Task 2.2 (c)	Marks	Nature
Gross risk is the total potential loss that is associated with a risk event occurring, assuming no control measures are taken .	1	K Business awareness
Impact: £15,000+£16,500 = £31,500	1	S Q & AI
Probability: 1/50 * 100% = 2%	1	S Q & AI
Gross risk: 31,500*2% = £630		
Examiner comments		
This requirement was tackled well by the majority of candidates.		
Total possible marks	3	1K, 2S
Maximum full marks	3	

Task 2.2 (d)	Marks	Nature
Intelligent systems:		
Can analyse website and other data so the process for customers to provide information etc on first making an enquiry of Reloco can be streamlined.	Max 2	S Planning/ prioritisation B Adaptability
Can enable more accurate quotations by analysing data from videos uploaded by customers to establish the volume of possessions that must be packed.	Max 2	S Planning/ prioritisation B Adaptability
Can use internal and external data to offer customers a greater choice of removal slots to book.	Max 2	S Planning/ prioritisation B Adaptability
Can improve customer service at every stage by offering real time monitoring of vehicles so their security can be assured/ customers can be kept updated on the timing of the arrival of their possessions.	Max 2	S Teamwork B Adaptability
Can analyse internal data on agreements across the 18 depots and external data from other logistics providers to design a plan for aggregating loads and/or ensuring there is a load on every return journey from a removal destination.	Max 2	S Teamwork B Adaptability
Examiner comments		
This requirement was tackled well by the majority of candidates.		
Total possible marks	10	5S, 5B
Maximum full marks	4	

Task 2.3
General comments
Overall this sub-task was well-answered, particularly 2.3 (a).

Task 2.3 (a)			Marks	Nature
	One-day move	Two-day move		
Max demand pa	120	80		
	£	£		
Fixed price	750	1,250		
Consumables	95	99		
Labour	240	420		
Fuel	<u>115</u>	<u>115</u>		
Contribution per move	<u>300</u>	<u>616</u>	1+1	S Analysis
Limit of labour hours	4,000			
Labour hours per move	16	28	1+1	S Analysis
Contribution per labour hour	18.75	22	1+1	S Analysis
Ranking	2	1	1	B Adding value
Use of labour hours	1,760	2,240		
Optimal number of moves	110	80	1	S Q & AI
Total contribution £	33,000	49,280	1	S Q & AI
Total		82,280		

Examiner comments		
This requirement was tackled very well by the majority of candidates, with many scoring full marks.		
Total possible marks	9	8S, 1B
Maximum full marks	9	

Task 2.3 (b)	Marks	Nature
Contractor hours required to complete 10 one-day moves x 16 hours per move = 160 hours (120 x 16) – 1,760	1	S Q & AI
Examiner comments		
This requirement was tackled well by the majority of candidates.		
Total possible marks	1	1S
Maximum full marks	1	

Task 2.3 (c)	Marks	Nature
<p><i>Using green finance to help fund the development plan:</i> Reloco should consider: its corporate responsibility goals: it wishes to become more sustainable in its operations as part of its development plan so this will help it meet this goal its environmental objectives in becoming more sustainable: eg pollution prevention and control by no longer using diesel-powered vehicles. The uses of the green finance: it could fund the replacement plan for the vehicles and/or the improved logistics system to make better use of fuel The sources of the green finance: it could be eligible for green finance from investors who prefer to invest money in projects that seek to benefit the environment Its gearing ratio: this will increase if it takes on additional debt The timing for accessing the funding: green finance may take longer to access than more straightforward sources of finance, which may delay the development plan</p> <p><i>Conditions for qualifying as a Green bond:</i> Green bond principles: Use of proceeds: the bond's legal documentation should state that the replacement project will meet the clear environmental objective of pollution prevention Project evaluation: Reloco must follow defined processes to determine the project is eligible to be funded by the issue of a green bond Management of proceeds: Reloco must commit to keeping the proceeds of the bond issue in a separate account so it will not be used for anything else Reporting: Reloco will make information on the use of the bond proceeds readily available</p>	<p style="text-align: center;">Max 3</p> <p style="text-align: center;">1</p> <p style="text-align: center;">1</p> <p style="text-align: center;">1</p> <p style="text-align: center;">1</p> <p style="text-align: center;">1</p> <p style="text-align: center;">1</p> <p style="text-align: center;">Max 2</p> <p style="text-align: center;">1</p> <p style="text-align: center;">1</p> <p style="text-align: center;">1</p> <p style="text-align: center;">1</p>	<p>B Adaptability</p> <p>B Adaptability</p> <p>B Adaptability</p> <p>B Proactivity</p> <p>B Adding value B Professional scepticism</p> <p>K Business awareness K Business awareness</p> <p>K Business awareness</p> <p>K Business awareness</p>
<p>Examiner comments</p> <p>This requirement was tackled well by the candidates who attempted it, although typically candidates were better at restating Green bond conditions than explaining the factors that should be considered.</p>		
<p>Total possible marks Maximum full marks</p>	<p style="text-align: center;">10 5</p>	<p style="text-align: center;">4K, 6B</p>