

## Marking guide for Role Simulation Examination June 2025

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 (USP)

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 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.

# June 2025 marking grid

	Marks identified in marks scheme				Maximum full marks	Syllabus
	K	S	B	Total		
<b>Task 1</b>						
1.1a				4	4	ACC
1.1b				10	4	ACC
1.2				15	14	ACC
1.3a				6	3	ASSURANCE
1.3b				24	8	ASSURANCE
1.3c				25	9	ASSURANCE
1.4a				10	6	ASSURANCE
1.4b				18	10	LAW/BTF
				<b>112</b>	<b>58</b>	
<b>Task 2</b>						
2.1a				9	8	MI
2.1b				3	3	MI
2.1c				4	3	MI
2.1d				14	6	MI
2.2a				5	5	MI
2.2b				6	4	MI
2.2c				3	3	BTF
2.3a				16	6	BTF
2.3b				8	4	BTF
				<b>68</b>	<b>42</b>	
<b>Total</b>				<b>182</b>	<b>100</b>	

The marking information set out below is that used to mark the requirements in the June 2025 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.

**Examiner comments**

<b>Task 1.1</b>
<b>Examiner's comments</b> Overall this task was very well-answered.

Task 1.1a	Marks	Nature																								
<table><tr><td><b>DE-163 aircraft sub-assemblies</b></td><td><b>Cost</b></td><td><b>NRV</b></td><td><b>Value</b></td></tr><tr><td></td><td><b>£ m</b></td><td><b>£ m</b></td><td><b>£ m</b></td></tr><tr><td>549846</td><td>2</td><td>1.1</td><td>1.1</td></tr><tr><td>900687</td><td>3</td><td>3.1</td><td>3</td></tr><tr><td>362894</td><td>4</td><td>3.8</td><td><u>3.8</u></td></tr><tr><td>Revised value:</td><td></td><td></td><td><u>7.9</u></td></tr></table> <p>For NRV calcs</p> <p>For identifying cost or NRV per line as appropriate value</p> <p>Reduce value of DE 163 inventory figure: <math>9 - 7.9 = 1.1</math></p> <p>Revised value of total inventories: <math>75.9 - 1.1 = 74.8</math></p>	<b>DE-163 aircraft sub-assemblies</b>	<b>Cost</b>	<b>NRV</b>	<b>Value</b>		<b>£ m</b>	<b>£ m</b>	<b>£ m</b>	549846	2	1.1	1.1	900687	3	3.1	3	362894	4	3.8	<u>3.8</u>	Revised value:			<u>7.9</u>	<p>1</p> <p>1</p> <p>1OF</p> <p>1OF</p>	
<b>DE-163 aircraft sub-assemblies</b>	<b>Cost</b>	<b>NRV</b>	<b>Value</b>																							
	<b>£ m</b>	<b>£ m</b>	<b>£ m</b>																							
549846	2	1.1	1.1																							
900687	3	3.1	3																							
362894	4	3.8	<u>3.8</u>																							
Revised value:			<u>7.9</u>																							
<b>Examiner comments</b>																										
Candidates scored very highly on this sub-task.																										
Total possible marks	4																									
Maximum full marks	4																									

Task 1.1b	Marks	Nature
<p><u>Accounting treatment of inventories of DE-163 aircraft sub-assemblies</u></p> <p>Inventories must be valued at the lower of cost and net realisable value per IAS 2 or per Handbook</p> <p>Included in cost is costs of purchase, of conversion (eg, labour) and of other costs incurred in bringing the items to their present location and condition.</p> <p>Cost can be determined using FIFO or average cost</p> <p>Net realisable value is the expected selling price less costs to sell</p> <p>Lower of the two values is used so that assets are not shown at amounts in excess of the amounts expected to be realised from their sale or use/ not overstated</p> <p>– this reflects relevance and faithful representation, which encompasses neutrality and prudence ie Conceptual Framework.</p> <p>Illustration of accounting treatment re Montabo</p> <p>In the financial statements, inventories at the year-end are <b>assets</b> as defined by the Conceptual Framework</p> <p>Inventories brought forward at the start of the financial year are treated as <b>expenses</b> as they are used during the year in accordance with the Conceptual Framework</p> <p>Double entry is DR SOFP, CR SFP</p>	<p>1</p> <p>1</p> <p>1</p> <p>1</p> <p>1</p> <p>1</p> <p>1</p> <p>1</p> <p>1</p> <p>1</p>	

<b>Examiner comments</b> Candidates scored well overall on this task, though some answers lacked detail or failed to refer to the Conceptual Framework.		
Total possible marks	10	
Maximum full marks	4	

<b>Task 1.2</b>
<b>Examiner's comments</b> Overall this task was very well-answered.

<b>Task 1.2</b>	<b>Marks</b>	<b>Nature</b>
<b>Montabo plc: Statement of financial position as at 31 March 2025</b> <b>ASSETS</b> <b>Non-current assets</b> 172.7-69.1 <b>Current assets</b> Inventories 75.9-1.1 <i>per 1.1b</i> Trade and other receivables 87.6-3 Cash and cash equivalents <b>Total assets</b> <b>EQUITY AND LIABILITIES</b> <b>Equity</b> Equity share capital (£1 shares) 15+10+5 Retained earnings (W) <b>Total equity</b> <b>Non-current liabilities</b> Long-term borrowings <b>Current liabilities</b> Short-term borrowings Trade and other payables Provision for warranty liability Income tax payable <b>Total liabilities</b> <b>Total equity and liabilities</b>  <i>Retained earnings working:</i> Per TB 125.6+13.7 Bonus issue 15-10 Reduction in inventories (1.1b) Allowance for Plintor plc Provision	£'m 103.6  74.8 84.6 <u>13.7</u> <b><u>276.7</u></b>  30.0 <u>127.7</u> <u>157.7</u>  64.0  3.3 46.9 2.5 <u>2.3</u> <u>119.0</u> <b><u>276.7</u></b>  139.3 -5.0 -1.1 -3.0 <u>-2.5</u> <u>127.7</u>	1 title and headings  1  1 OF 1 1    1 for L-T  1 for S-T  1 1 for TOP & tax    1 1 1 OF 1 1
<b>Examiner comments</b> Candidates scored highly on this sub-task.		
Total possible marks	15	
Maximum full marks	14	

<b>Task 1.3</b>
<b>Examiner's comments</b> Overall this task was extremely well-answered.

<b>Task 1.3a</b>	<b>Marks</b>	<b>Nature</b>
<u>Differences between internal and statutory auditors</u> Reason: internal, to add value; statutory, to express opinion on financial statements Reporting: internal, to Audit committee or Board of directors; statutory, to shareholders Scope: internal, to look at the company's operations; statutory, to examine financial transactions and balances Relationship: internal auditors can be company's employees or employees of an outsourcer; statutory are independent of the company and its management Appointment: IA is a permanent function, external auditors must be re-appointed annually by the board as Montabo is a plc External auditors have to be members of a recognised body and registered auditors whereas internal auditors do not.	1 1 1 1 1 1	
<b>Examiner comments</b> Candidates scored very highly on this sub-task.		
Total possible marks	6	
Maximum full marks	3	

<b>Task 1.3b</b>	<b>Marks</b>	<b>Nature</b>
(i) <u>Benefits to Montabo of internal audit function</u> It can help Montabo to achieve good corporate governance... ... which should help it to meet AIM's listing rules and therefore achieve a listing on AIM It can help Montabo to achieve its corporate objectives... ...which should lead to better performance It can help Montabo improve its systems of internal controls and risk management... ...which will lead to efficiencies and improved quality assurance It can help support compliance with standards and regulations by developing expertise in these across the range of Montabo's operations... ...which should lead to better performance and success as an AIM listed company It may help statutory auditors if they are able to use some of the work of the internal audit function... ...which may reduce the cost of the statutory audit in line with the director's request	Max 4 marks 1 1 1 1 1 1 1 1 1	
(ii) <u>Activities in support of Montabo's secondary objectives</u> Monitor internal controls, eg monitor Montabo's quality assurance controls... ...to support <b>quality assurance</b> Examine financial and operating information.eg examine the terms on which Montabo does business with suppliers and customers in its supply chain... ...to support <b>supply chain management</b> Review economy, efficiency and effectiveness of operations eg analyse management information... ... to support <b>corporate governance for listing</b>	Max 4 1 1 1 1 1	

Review compliance eg review Montabo's compliance with regulations and guidelines on corporate governance...	1	
...to support <b>corporate governance for listing</b>	1	
Conduct special investigations eg investigate the details of quality assurance and control on the production lines...	1	
...to support <b>quality assurance</b>	1	
Review risk management systems eg examine how cyber-risk is identified, assessed and prevented...	1	
...to support <b>risk management</b>	1	
Assess governance processes, eg investigate tier 1 and 2 suppliers in the supply chain to ensure they comply with Montabo's requirements...	1	
...in support of <b>improving sustainability</b> in all aspects of operations	1	
<b>Examiner comments</b>		
Candidates scored highly on this sub-task.		
Total possible marks	24	
Maximum full marks	8	

Task 1.3c	Marks	Nature
(i) <u>Positive v negative method</u>	Max 3	
The positive method is preferable as it encourages definite replies from clients, whereas under the negative method Montabo asks the customer to reply only if the amount shown in the request is disputed.	1	
Under the positive method Montabo asks the customer 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,	1	
Positive method is helpful where there are large and unusual balances	1	
The negative method generally provides less persuasive audit evidence as it does not necessarily mean the customer agrees with the balance	1	
Under the negative method, if a customer does not respond, as they usually don't, it is not clear whether this is because they did not receive the confirmation request, or they just ignored it.	1	
The negative method is only effective if:		
<ul style="list-style-type: none"> <li>the system of internal control is strong (risk of error is low); and</li> <li>there are a large number of small balances (any non-reply where there is a misstated balance will not be material)</li> </ul>	1	
The negative method is now prohibited under ISA (UK) 505 Revised.	1	
The status of the debt from Plintor, provided against in 1.2 for £3m, is unclear, however it is unlikely that a positive response to a request for a direct confirmation of the balance will be received	1	
(ii) <u>Alternative procedures for gathering audit evidence about receivables balances</u>	Max 6	
Vouch receipt of cash from the customer after 31 March to post year end cash book/bank statement/remittance advices...	1	
...which shows that the debt was valid at the year-end.	1	
Inspect correspondence between Montabo and customer for evidence of disputed amounts...	1	
...which will reveal how much of the outstanding debt is disputed.	1	
Examine customer's account to identify specific invoices, and confirm their validity to despatch documentation...	1	
...which verifies that the debt represents valid sales.	1	
Obtain explanations from finance function staff for invoices that remain unpaid post year-end after subsequent ones have been paid ...	1	
...this will give an idea of how much in doubt the year-end debt is.	1	
Check aged receivables report...	1	

...to establish which are the known issues with customers' balances	1	
Check if the balance on the customer's account is growing post year-end and, if so, establish why...	1	
...this will indicate the nature and depth of any dispute or possible customer's cash flow/going concern problems	1	
Test sample of despatch notes pre-year end...	1	
... to check that sales have been recorded in the right period	1	
Test Montabo's controls over the issue of credit notes and the write-off of irrecoverable receivables...	1	
...which may shed light on how any dispute arose and how it has been handled	1	
Format of email for Aida	Max 1	
<b>Examiner's comments</b>		
Candidates scored highly on this sub-task.		
Total available marks	25	
Maximum full marks	9	

<b>Task 1.4</b>
<b>Examiner's comments</b>
Overall this task was very well-answered.

Task 1.4a	Marks	Nature
<u>Threats to Noah's fundamental principles</u>	Max 6	
Noah has succumbed to a <b>self-interest threat</b> ...	1	
...as his compliance with Jude's instruction appears to have been done to secure himself a promotion	1	
...as he has shown a serious lack of <b>professional behaviour</b> ...	1	
... in acting in this way to secure promotion, as it discredits the profession	1	
...as he has shown a serious lack of <b>integrity/honesty</b> ...	1	
... in presenting misleading information to the board.	1	
Jude's instruction appears to have been an <b>intimidation threat</b> to Noah...	1	
...as Noah would have jeopardised his career prospects by not complying	1	
Noah has not shown <b>professional competence and due care</b> ...	1	
...by presenting information that is partial,	1	
Noah can't be <b>objective</b> ...	1	
... because of a <b>conflict of interest</b> between obeying Jude to further his career and doing the right thing.	1	
<b>Examiner comments</b>		
Candidates scored very highly on this sub-task.		
Total possible marks	10	
Maximum full marks	6	

Task 1.4b	Marks	
<u>Bob's breach of implied duties as Montabo's agent</u>  <i>Duty of accountability</i> He has a duty to <b>provide full information to Montabo to be accountable</b> for his transactions... ...which he has failed to do as Walid only found out via Historia and Bob is still denying it. He has a duty to account for all monies arising from his role as an agent... ...which he has failed to do as he has billed Historia separately for commission and not paid this over to Montabo  <i>Duty to avoid a conflict of interest</i> Bob owes Montabo a duty <b>not to put himself in a situation where his own interests conflict</b> with Montabo's... ...in invoicing Historia separately for commission, he is in direct breach of this duty.  <i>Duties of performance/skill</i> Bob has a contractual <b>obligation to perform his agreed task</b> , showing the standard of skill and care to be expected of a person in his profession... ...In preferring Historia over Jerana for the parts in short supply, Bob has breached these duties  <i>Duty of obedience</i> Bob has a duty to <b>obey Montabo's reasonable instructions...</b> ...but in submitting invoices directly to Historia and refusing to give Walid any information about his actions, Bob is in breach of this	Max 6  1 1 1 1  1 1  1 1  1 1	
<u>Bob's non-compliance with business ethics</u>  Has not told Walid about his actions and has lied to both Walid and the customer... ...so is not transparent or honest  Has ensured Historia receives spare parts allocated elsewhere... ...which is showing a preference without a contractual term  Has bullied Sam Wylde... ...so is not treating them with courtesy and respect  Has obtained money from Historia to which he was not entitled... ...so is non-compliant with regulations that make fraud a crime	Max 4  1 1  1 1  1 1  1 1	
<b>Examiner comments</b>  Candidates scored well on this sub-task.		
Total possible marks	18	
Maximum full marks	10	



<b>Task 2.1</b>
<b>Examiner's comments</b> Overall this task was well-answered, although attempts at 2.1b were sometimes disappointing

<b>Task 2.1a</b>						<b>Marks</b>	<b>Nature</b>
	Time 0 £'m	Time 1 £'m	Time 2 £'m	Time 3 £'m	Time 4 £'m		
Revenue		12.5	13.0	14.5	15.0		
Materials etc		-10.0	-10.4	-11.6	-12.0		
Purchase	-7.0						
Install	-2.0						
Service				-1.4			
Resale					3.3		
Cash flow	-9.0	2.5	2.6	1.5	6.3		
DF@10%	1.000	0.909	0.826	0.751	0.683		
PV	-9.0	2.273	2.148	1.127	4.303		
NPV					0.851		
For revenues (OF materials + 25%)						1	
For materials and purchase (unchanged from AI)						1	
For installation costs at T0						1	
For servicing costs at T3						1	
For disposal value at T4						1	
For applying discount factors at 10%						1	
For NPV (OF)						1	
For excluding fixed costs						1	
Presentation / layout						1	
<b>Examiner comments</b> Candidates scored very highly on this sub-task.							
Total possible marks						9	
Maximum full marks						8	

Task 2.1b						Marks	Nature
Cash flow	-9.0	2.5	2.6	1.5	6.3		
DF@15%	1.000	0.870	0.756	0.658	0.572		
PV	-9.0	2.175	1.966	0.987	3.604	1	
NPV					-0.268	1	
IRR calc: $10 + (0.851/(0.851+0.268)*15-10) = 13.8\%$						10F	
<b>Examiner comments</b>							
This was relatively poorly answered as several candidates could not use the IRR formula despite it being contained in the AI. Several candidates scored full marks however.							
Total possible marks						3	
Maximum full marks						3	

Task 2.1c						Marks	Nature
Montabo should proceed with the investment...						1	
...because the NPV is positive						1	
...and the IRR exceeds Montabo's required rate of return of 10%.						1	
The IRR suggests that provided the discount rate is below 13.8% the project will have a positive NPV						1	
<b>Examiner comments</b>							
Candidates scored well on this sub-task.							
Total possible marks						4	
Maximum full marks						3	

Task 2.1d						Marks	Nature
The benefits of DCF methods in Montabo's investment appraisals are:							
<ul style="list-style-type: none"> <li>It supports Montabo's primary objective of <b>shareholder wealth maximisation</b>...</li> </ul>						1	
...because it directly measures, in absolute (£) terms, the effect of taking on Project Compo now.						1	
<ul style="list-style-type: none"> <li>It considers the <b>time value of money</b>, ie, the further away the cash flow, the less it is worth to Montabo in present terms...</li> </ul>						1	
...which recognises that £1 held today is worth more than £1 at a future time, because the £1 can be reinvested today to earn more money over time.						1	
<ul style="list-style-type: none"> <li>Montabo can <b>incorporate risk</b> into its decision making by adjusting the discount rate...</li> </ul>						1	
...so if Montabo decided that the investment actually presented more of a risk than usual, it can use a higher discount rate to evaluate it.						1	
<ul style="list-style-type: none"> <li>NPV considers <b>all relevant cash flows</b>...</li> </ul>						1	
...so that it is unaffected by the accounting policies which affect ARR as a profit-based investment appraisal technique.						1	
<ul style="list-style-type: none"> <li>NPV considers <b>all cash flows over life of project</b>...</li> </ul>						1	
...unlike eg payback which limits the horizon for decision--making						1	
<ul style="list-style-type: none"> <li>NPV provides Montabo with a <b>clear, unambiguous decision</b>...</li> </ul>						1	
...if the NPV is positive, accept; if it is negative, reject.						1	
<ul style="list-style-type: none"> <li>IRR <b>may be more easily understood</b> by Montabo's directors...</li> </ul>						1	
...because it allows them to measure the investment against their target rate of 10%						1	

<b>Examiner comments</b>		
Candidates scored well on this sub-task.		
Total possible marks	14	
Maximum full marks	6	

<b>Task 2.2</b>
<b>Examiner's comments</b>
Overall this task was very well-answered.

Task 2.2a	Marks	Nature
Financial gearing ratio at 30/5/2025: $71.3/158.6 \times 100\% = 44.96\% = 45.0\%$		
Inventory days:      70.8/155.2*365      166.5 days	1	
Receivables days:      79.2/194.0*365      149.0 days	1	
Payables days      51.9/155.2*365      -122.1 days	1	
Cash operating cycle:	193.4 days	10F
<b>Examiner comments</b>		
Candidates scored well on this sub-task.		
Total possible marks	5	
Maximum full marks	5	

Task 2.2b	Marks	Nature
The financial gearing ratio (45 – 32.7) is higher than at 31/3/24: a deterioration...	1	
...though it is still below the bank target of 60%.	1	
The deterioration is explained by the bank forwarding more funds to Montabo which have not yet had time to deliver financial returns	1	
The cash operating cycle (209.9 - 193.4 days) is shorter than at 31/3/24: an improvement...	1	
...and well below the bank target.	1	
The improvement shows that Montabo has improved its management of its working capital eg improved inventory turnover/ collected debts more quickly/ /paid suppliers later	1	
<b>Examiner comments</b>		
Candidates scored well on this sub-task.		
Total possible marks	6	
Maximum full marks	4	

Task 2.2c	Marks	Nature
<p><i>Will Project Compo be eligible for green finance?</i></p> <p>The project facilitates the use of composite materials instead of steel to reduce weight and improve the environmental footprint  It will <b>mitigate climate change</b>, which is an eligible environmental objective  It will <b>conserve natural resources</b>, because aircraft will use less fossil fuels</p> <p>It will help <b>prevent and control pollution prevention and control</b>, because aircraft will emit lower levels of CO2</p>	<p>1</p> <p>1</p> <p>1</p>	
<b>Examiner comments</b>  Candidates scored well on this sub-task.		
Total possible marks	3	
Maximum full marks	3	

Task 2.3
<b>Examiner's comments</b>  Overall this task was the least well answered. While there were some excellent answers, some candidates were noticeably weak on Task 2.3a.

Task 2.3a	Marks	Nature
<p><i>High degree of power of aircraft manufacturer customers:</i></p> <p><b>Small number</b> of huge global aircraft manufacturers...  ...so they can call the shots eg requiring Montabo to use specific electronic components or data analytics (Leopard)  There are <b>many aerospace suppliers</b> to these customers...  ...so Montabo has little individual power unless it combines with competitors  Montabo is a relatively <b>small player</b>...  ...so has little power in the face of huge customers with high expectations  Montabo has to <b>offer long periods of credit/long-term contracts</b> to aircraft manufacturers...  ...so cannot afford to lose them and jeopardise large outstanding receivables  Strength of customer power is indicated by:</p> <ul style="list-style-type: none"> <li>• how much the customer buys from Montabo</li> <li>• how critical the product is to the customer's own business</li> <li>• switching costs (the cost to the customer of switching supplier)</li> <li>• whether the products are standard items (hence easily copied) or specialised</li> <li>• the customer's own profitability</li> <li>• customer's ability to bypass the supplier or to take over the supplier</li> <li>• the skills of the customer's purchasing staff, or the price-awareness of consumers</li> <li>• the importance of product quality to the customer</li> </ul>	<p>1</p> <p>1</p> <p>1</p> <p>1</p> <p>1</p> <p>1</p> <p>1</p> <p>1</p> <p>1</p> <p>1</p> <p>1</p> <p>1</p> <p>1</p> <p>1</p> <p>1</p>	
<b>Examiner comments</b>  Although several candidates scored full marks, several produced very poor answers indeed, so overall this sub-task was surprisingly badly answered.		
Total possible marks	16	
Maximum full marks	6	

Task 2.3b	Marks	Nature
<i>Types of data analytics</i>  <b>Descriptive analytics</b> tell Leopard what has happened... ... eg which sub-assembly is faulty <b>Diagnostic analytics</b> tell Leopard why something has happened... ... so it knows what factors led to the fault in the sub-assembly eg it became too hot <b>Predictive analytics</b> tell Leopard what is likely to happen next... ...eg whether other sub-assemblies are likely to fail <b>Prescriptive analytics</b> tell Leopard what is the best course of action to take... ...eg whether it should repair or replace the sub-assembly	  1 1 1  1 1 1  1	
<b>Examiner comments</b>  Candidates scored well on this sub-task.		
Total possible marks	8	
Maximum full marks	4	