



ROLE SIMULATION EXAMINATION

ADVANCE INFORMATION

This material is issued prior to the exam session.

A clean copy of the Advance Information will be available as a PDF in the exam software.

Candidates may add a copy of this Advance Information to their bookshelf which can be annotated in advance and then accessed during the exam.

Candidates can also bring a paper copy to the exam.

ADVANCE INFORMATION

This Advance Information is issued prior to the exam session on 9 December 2025 to allow you to familiarise yourself with the information provided and to undertake any other appropriate research and analysis.

You should add your copy of the Advance Information to your bookshelf, which you can then annotate. You will be able to access your bookshelf during the exam. A clean copy of the Advance Information will also be available as a PDF in the exam software and you may bring a paper copy to the exam, annotated if you wish, and any other notes of your preparatory work.

The Advance Information is also published on the website: [Role simulation exam | ICAEW](#).

You must carry out sufficient and appropriate analysis work **of your own** in order to have a detailed understanding of the Advance Information. You should also undertake any additional research and analysis you feel necessary to enhance your awareness of the industry and market context and to enable you to clarify any technical terms or other issues of vocabulary. You will need to be able to refer back quickly to the Advance Information and your notes during the exam; you are therefore unlikely to benefit from taking large quantities of additional material with you into the exam.

The exam will contain questions with additional information which will complete the description of the Role Simulation scenario and state the Role Simulation requirements.

The exam is based on the 2024 Role Simulation Workbook and the 2024 Certificate Learning Materials.

Assessment of the Role Simulation exam

The marks in the Role Simulation exam are awarded for demonstration of competence in the knowledge, skills and behaviours set out in the Level 4 Accounting Technician assessment plan. The marks are allocated broadly as follows:

- Knowledge 30% - 40%
- Skills 30% - 40%
- Behaviours 30% - 40%

The knowledge, skills and behaviours will be assessed through a series of requirements in the Role Simulation exam. Marks available for each requirement will be shown next to each requirement.

Preparing your answers in the exam

You will need to refer to your copy of the Advance Information during the exam.

Answer all questions.

Respond directly to the exam question requirements. Do not include any content or opinion of a personal nature, such as your name.

Only the data in the answer area will be marked. You **MUST** copy over any data for marking from the spreadsheet area to the answer area.

Specca Ltd

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Introduction: Specca Ltd

Specca Ltd (Specca) operates in the UK retail optician industry.

The UK retail optician industry

Retail opticians operate shops from which optometrists carry out eye tests for individuals who then usually also buy eyewear consisting of glasses (frames plus lenses) and/or contacts (small lenses which are placed onto the surface of the eye).

It is a mature industry with nearly 5,500 businesses. Most businesses are small, and many operate only one shop which is run by the optometrist who owns it. However, the industry is dominated by two large businesses which each has a strong brand, economies of scale, a large number of shops and a strong online presence. In addition to providing optician services, these two businesses also offer audiology services to support customers' hearing.

The industry is highly competitive, as the products and services are fairly homogenous, and so there is strong pressure to keep retail prices down. The average operating profit margin in the industry is 7.8%.

Although some individuals buy eyewear, including sunglasses, as fashion items, nearly 65% of the UK population have problems with their eyesight that need some sort of correction. These individuals require glasses or contacts with prescription lenses prescribed by professional optometrists, who are regulated by the General Optical Council (GOC).

To produce a prescription for correcting an individual's eyesight, the optometrist carries out a range of eye tests and scans. The most basic eye test is free for many individuals, often annually, depending on their age and health status. The optometrist claims a contribution from the government towards the cost of carrying out the basic eye test. More complex eye tests and scans are wholly paid for by the individual.

General retail staff in optician shops are trained to assemble frames and lenses as pairs of glasses, and provide customer service. Optometrists usually receive high salaries, but most general retail staff in optician shops earn low amounts, in line with the general retail industry. Some general retail staff progress to become assistant optometrists on higher pay, but often there are few opportunities to take up further training to enhance earning potential.

Eyesight degenerates with age, and evidence increasingly shows that working with screens for prolonged periods of time affects eyesight. As the UK has an ageing population, and many people work with computers, demand for the products and services supplied by retail opticians is strong.

Many individuals visit an optician shop for advice about choosing frames and the chance to try them on for fit and style. However, once they have a prescription for their lenses, some prospective customers instead buy both glasses and contacts online. Increasingly, people with defective vision use corrective laser eye surgery to permanently improve their eyesight, which then decreases demand for the products and services of optician shops.

Company information

Specca was founded in 2001 by Romano and Monica Specca. The business is now managed by their children Luca, the CEO, and Amira, the operations director. The shares are owned equally by the four family members, who are all qualified optometrists. Both Romano and Monica retain a strong interest in Specca's strategy.

Specca sells eyewear and provides optometrist services in 15 optician shops in large towns across South East England, the area of the UK which has the highest concentration of population and therefore of optician shops. Specca does not make sales online.

Staff at each shop comprise one qualified optometrist and up to five general retail staff. Specca's total staff costs in the year ended 30 September 2024 were nearly £4 million.

As well as managing the business, Luca and Amira provide specialist cover if the shops' optometrists are absent.

The shop buildings are all owned by Specca. Central functions, including finance, procurement and IT, are located in the largest shop, which is in the town of Dorking.

Competitive strategy

Specca aims to differentiate itself in a competitive market by providing premium products and services to its customers. It has an upmarket brand image.

Customers

Specca's customers come from all age ranges and demographic groups. Many customers are office workers who want to add special tints and coatings to lenses for screen work, which Specca supplies at an additional price. Specca's shops have a higher proportion of both older (over 55) and wealthier customers than the average UK optician shop. However, some of Specca's existing customers have decreasing levels of disposable income due to rises in the general cost of living.

Each Specca shop keeps digital records of existing customers and sends reminder emails to them 11 months after their last eye test, inviting them to book another test.

Specca's marketing is based on its shops being visible and readily accessible in popular shopping areas. Word-of-mouth recommendations about its products and services are also important. Specca conducts occasional local marketing campaigns, especially when a competitor opens an optician shop near an established Specca shop.

Customers share data with Specca about their general health, occupation and lifestyle, so the optometrists have a full picture of each individual when testing their eyes. Customers consent to Specca storing and using this data. Luca and Amira always emphasise to staff the importance of protecting the data in line with the Data Protection Act 2018 and its principles.

Products and services

Specca sells the following products: frames, lenses, contacts and accessories (eg, glasses cases and cleaning products). The range of product prices is a function of the design, quality and construction of frames, and the complexity of lenses (for example, the strength of prescription, whether they are varifocal, and selected tints and coatings).

With regard to Specca's services, the charge for a basic eye test is £24. More complex tests, including scans, can be conducted by an optometrist using a variety of specialised testing equipment, including advanced 3-D imaging technology. These are priced at up to £100 per test.

Suppliers

Specca sources frames from manufacturers, which often produce frames on behalf of well-known designer brands. Lenses for fitting in frames are available from multiple specialist suppliers. Contacts, eye test equipment and accessories are sourced from wholesalers. Specca has a central procurement function to secure the best prices for all purchases.

Each shop keeps low levels of inventory, of the most basic frames and contacts, but it offers a very wide choice of frames and lenses for sale. As a result, Specca places frequent very small orders with a large number of suppliers each year.

After a customer chooses their frame and lenses and agrees to buy a pair of glasses, they pay a deposit to the shop of between 20% and 50% of the total price, and the shop sends a purchase requisition to the central procurement function.

Staff

Specca's optometrists are highly skilled and professionally qualified. Specca trains its general retail staff in helping customers to choose the right frames, assembling and adjusting glasses for customers, and delivering excellent service so that each shop develops a base of loyal customers.

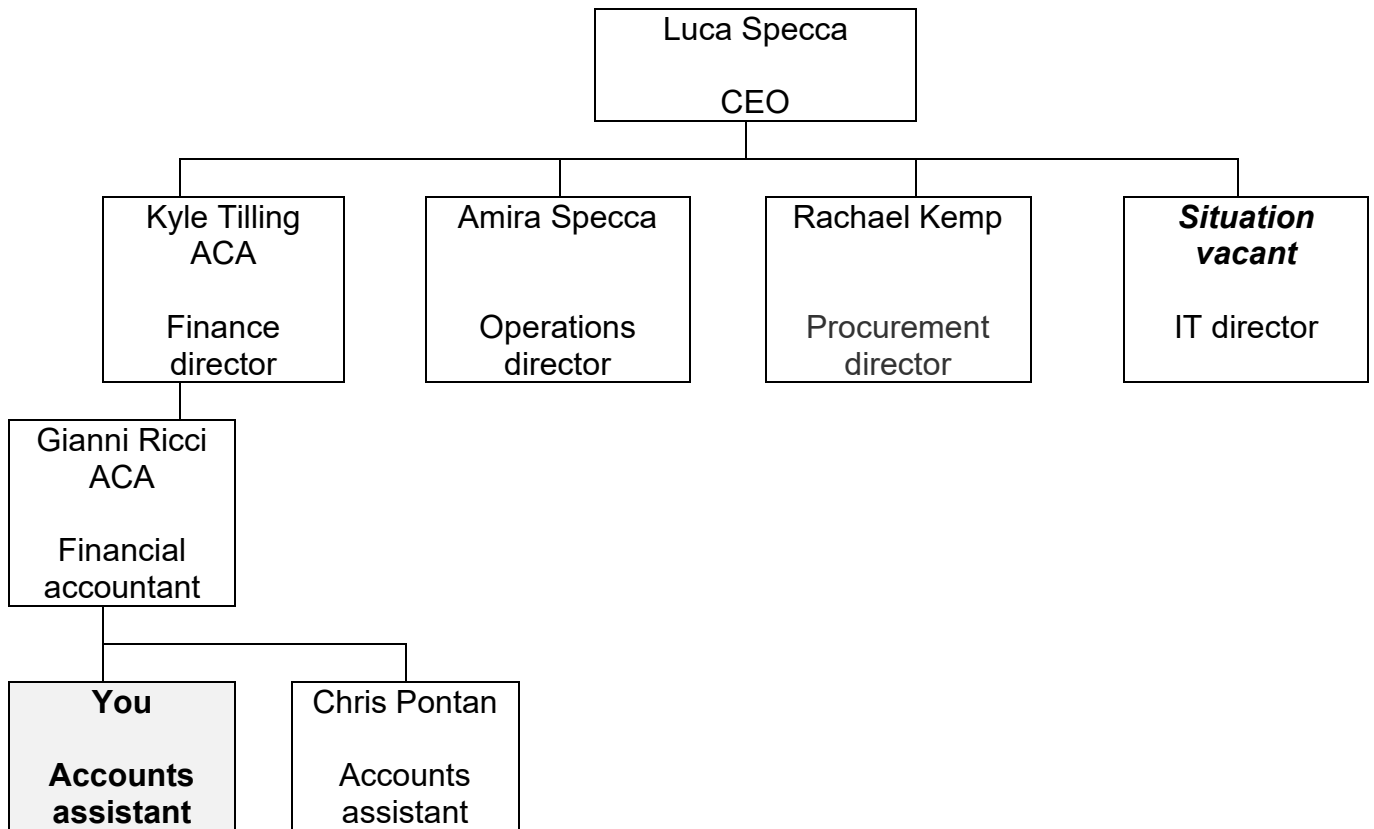
Basic sales training is provided to all staff.

Specca makes no profit on the basic eye test. Luca and Amira therefore require the optometrists to encourage individuals to undergo more complex eye tests and scans in addition to their basic test. Luca and Amira also require the general retail staff to try and ensure each customer who visits a shop for any type of eye test also buys eyewear during their visit, paying as high a deposit as possible.

Performance

Extracts from Specca's financial statements for the year ended 30 September 2024 are included in **Appendix A**.

Organisational structure (extract)



You are a second-year accounting apprentice at Specca. Your line manager is Gianni Ricci, financial accountant, who reports to Kyle Tilling, finance director.

As part of your training, you are shadowing members of the board and assisting them when requested to do so.

Both you and Chris Pontan are accounts assistants and student members of ICAEW, but Chris is at an earlier stage in their accounting apprenticeship. Gianni has asked you to support Chris in their studies when necessary.

In December 2024 the payroll function was outsourced to a specialist payroll firm, Nastrene Ltd (Nastrene), which is owned and run by Helena Masters.

Extracts from the finance function handbook are included in **Appendix B**.

Statutory audit

Barnes & Bart LLP (BB) performs the statutory audit of Specca's financial statements. Jake Thorne is the engagement partner at BB.

Recent developments

Non-current assets in the year ended 30 September 2025

Specca bought a new shop, its 15th, in the town of Tonbridge on 1 August 2025. During the year ended 30 September 2025, it also purchased new eye test equipment and sold some outdated eye test equipment.

Resource issues in Dorking

Some employees have left the central functions that operate at the Dorking shop and have not yet been replaced. The finance function is under-resourced and the accounting system is outdated. The post of IT director is vacant and IT security systems need upgrading.

An anonymous email

Late on Friday 10 October, Kyle received an anonymous email. It suggested that Specca's payroll transactions contained errors arising from deliberate actions by Helena Masters at Nastrene. Kyle discussed this immediately with Luca, who asked him to investigate and report back. Luca also suggested that Kyle should raise the matter with Jake Thorne from BB at a scheduled meeting to discuss the audit of the financial statements for the year ended 30 September 2025. Kyle's note to Luca following this meeting is in **Appendix C**.

Kyle has not discussed this matter with staff in Dorking.

A family meeting

The Specca family held a lengthy meeting on Friday 10 October to try to generate some ideas for how Specca could develop its strategy and improve its sustainability (**Appendix D**). They also discussed how better to measure and manage shop efficiency and performance (**Appendix E**) and how to improve Specca's data and technology management (**Appendix F**).

Appendix A – Specca Ltd: Financial statements for the year ended 30 September 2024 (extracts)

Statement of profit or loss for the year ended 30 September 2024

	£
Revenue	14,280,000
Cost of sales	(12,677,100)
Gross profit	<u>1,602,900</u>
Administrative expenses	(532,200)
Operating profit	<u>1,070,700</u>
Finance costs	(44,400)
Profit before tax	<u>1,026,300</u>
Income tax expense	(205,000)
Profit for the period	<u>821,300</u>

Statement of financial position as at 30 September 2024

	£	£
ASSETS		
Non-current assets (Note)		3,612,000
Current assets		
Inventories	172,100	
Trade and other receivables	119,200	
Cash at bank	<u>245,100</u>	
		<u>536,400</u>
Total assets		<u>4,148,400</u>
EQUITY AND LIABILITIES		
Equity		
Ordinary share capital (£1 shares)		500,000
Retained earnings		<u>2,518,400</u>
Total equity		<u>3,018,400</u>
Non-current liabilities		740,000
Current liabilities		
Trade and other payables	287,300	
Income tax payable	<u>102,700</u>	
		<u>390,000</u>
Total equity and liabilities		<u>4,148,400</u>

Notes to the financial statements

(1) Property, plant and equipment

	Land	Buildings	Fixtures, fittings and equipment	Total
	£	£	£	£
Cost				
At 1 October 2023	700,000	3,500,000	950,000	5,150,000
Additions	-	-	200,000	200,000
Disposals	-	-	(100,000)	(100,000)
At 30 September 2024	700,000	3,500,000	1,050,000	5,250,000
Depreciation				
At 1 October 2023	-	924,000	470,500	1,394,500
Charge for the year	-	84,000	210,600	294,600
Disposals	-	-	(51,100)	(51,100)
At 30 September 2024	-	1,008,000	630,000	1,638,000
Carrying amount				
At 30 September 2023	700,000	2,576,000	479,500	3,755,500
At 30 September 2024	700,000	2,492,000	420,000	3,612,000

Appendix B – Accounting procedures handbook (extracts)

The following are extracts from Specca's accounting procedures handbook for maintaining the nominal ledger and preparing the financial statements.

- Elements of the financial statements (assets, liabilities, equity, income and expenses) are recognised and measured in accordance with the IFRS® Conceptual Framework for Financial Reporting and the appropriate IFRS® Accounting Standards.
- All items of property, plant and equipment (PPE) are listed in the non-current asset register, together with information about residual values. The following depreciation policies apply:
 - Land is not depreciated.
 - The cost of each building less its residual value is depreciated on the straight-line basis over 25 years.
 - Fixtures, fittings and equipment are depreciated on the straight-line basis over five years. Residual value is assumed to be nil.

Depreciation is calculated on a monthly basis.

- Inventories consist of frames, lenses, contacts and accessories for resale. They are measured at the lower of cost and net realisable value.
- Trade and other receivables consist of amounts due from the government in respect of basic eye tests, prepaid expenses, and accrued income.
- Non-current liabilities consist of a long-term loan to Specca from Romano and Monica. The interest rate on the loan is variable, as agreed among the family members.
- Trade and other payables consist of amounts due to suppliers, accrued expenses, and deferred income (deposits paid by customers when ordering glasses).
- All expenses related to shop operations, including depreciation and profit/loss on disposals of PPE, are shown in cost of sales.
- All expenses related to the central functions, including depreciation and profit/loss on disposals of PPE, are shown in administrative expenses.

Appendix C – Note of a meeting with the statutory auditor's engagement partner

To: Luca Specca
From: Kyle Tilling
Date: 13 October 2025

I met with Jake to discuss the statutory audit of Specca's financial statements for the year ended 30 September 2025.

Jake started off by stating that BB would commence its audit with detailed work on property, plant and equipment (PPE).

I then told Jake that on Friday I received an anonymous email claiming that, in August and September 2025:

- Helena Masters at Nastrene paid two fictitious employees via Specca's payroll; and
- one Specca shop employee was paid at a higher rate than was authorised in their standing data for the payroll, in return for paying 50% of the excess payments to an unnamed third party.

I told Jake that, since receiving the email, I had:

- not yet taken action with respect to Nastrene, pending further investigation. Jake asked for more information about this supplier. I mentioned that it was Gianni who had initially suggested Nastrene as a supplier because he had worked with Helena before, and that he then carried out due diligence on Nastrene before Specca awarded it the contract;
- looked briefly at the payroll summaries for August and September and identified that the totals paid were higher than in the previous two months. Jake queried why I had not looked before. I told him that responsibility for authorising the payroll was mine but that I delegated the detailed work on reviewing the payroll and payroll summaries each month to Gianni. I also mentioned that I had been absent on sick leave at times during August and September 2025.

Jake suggested that Gianni appeared to lack professional scepticism in carrying out his duties. He asked to be kept informed about the investigation and advised that you, as CEO, should be closely involved in it.

When I told Jake that you believed discovery of any fraud or error at Specca was the responsibility of BB, he disagreed quite strongly!

We briefly discussed the effect that a confirmed fraud might have on how BB will plan the audit of the financial statements for the year ended 30 September 2025. Jake reminded me that last year's audit materiality was set at £85,000, and he had been expecting a similar figure this year.

Appendix D – Minutes of the family meeting to discuss strategy and sustainability

Developing strategy

Romano and Monica told Luca and Amira that they would like their loan to be repaid by Specca by 30 September 2029. They all agreed that the company needed to increase its profits so it can afford to achieve this goal.

Specca's profits have been falling for some years, due to intense competition in the industry which holds retail prices down, and rising costs with respect to wages, utilities and the purchase of frames, lenses, contacts and accessories.

The family discussed various strategic options to address these issues, including whether Specca should change its generic strategy and/or its strategy regarding existing and new products, and existing and new customers. They also debated whether there was space in all shops to increase the range of products and services.

Each family member agreed to investigate the strategic option that they personally favoured, and to present it in mid-December at a further family meeting.

Improving sustainability

Having been established in towns across the South East of England for nearly 25 years, the family felt that Specca could lead the way in promoting sustainability for retail opticians. They discussed how far Specca was already demonstrating environmental and social sustainability:

- In terms of the environment, Specca shops recycle waste in accordance with local government guidelines, and use an energy provider which seeks to access as much solar and wind power as possible.
- The family members were uncertain what Specca was doing in relation to social sustainability.

Amira said she would investigate ways in which the shops could improve their actions relating to sustainability, using the UN Sustainable Development Goals (SDGs) as reference points.

Appendix E – Measuring and managing shop efficiency and performance

Using optometrist time efficiently

Amira wants to ensure that Specca shops are making the most efficient use of optometrist time and of the specialist eye test equipment that they have.

As an example, the Brighton shop is very busy, with Luca and Amira often attending to increase total optometrist hours available. The Brighton shop offers two highly specialised eye tests in addition to the basic eye test: Eye Test 1 and Eye Test 2. Customer demand for these eye tests is high throughout the year, even though they are expensive. Amira wants to establish which test the shop should prioritise, because one full-time optometrist does not have enough hours to perform all the tests demanded by customers, and Luca and Amira cannot always be available.

Amira has prepared some initial estimates of the annual demand, selling price and variable costs of each test in the Brighton shop.

	Eye Test 1	Eye Test 2
Estimated annual demand	430 tests	520 tests
	£	£
	per test	per test
Estimated selling price	80.00	85.00
Estimated variable costs	(3.00)	(1.50)

The variable costs comprise the costs of consumables when conducting the test, preparing the equipment for each test and cleaning it afterwards.

Performance measurement and management

The performance of each Specca shop is evaluated on the basis of one Key Performance Indicator (KPI): its gross profit margin. The average gross profit margin per shop has fallen in recent years because of pressure on retail selling prices. Many customers can easily access lower retail prices either online or with the two major competitors in the market.

Amira has established that Specca's customers often move to one of the two big retail optician businesses, which have:

- lower prices;
- high-quality marketing campaigns;
- the most high-tech equipment; and
- more eye test appointments available.

In addition, competitors sometimes poach Specca's well-trained optometrists and general retail staff by offering higher pay and more career options. This leaves Specca with inexperienced staff who fail to promote higher-margin tests, frames and lenses. Some shops face more of these problems than others.

Luca and Amira are considering whether to implement additional KPIs to measure and manage the performance of each Specca shop, using the four perspectives of the balanced scorecard.

Appendix F – Management of data and technology

Specca's IT director left the company in 2023. Luca has tried to recruit a replacement on a part-time basis, with no success. Over time the various IT systems on which Specca shops rely, particularly the procurement, customer relationship management (CRM) and appointments systems, have not been effectively updated.

Rachael Kemp, procurement director, has expressed concern that her team has trouble accessing products from some of the major suppliers, which find it more efficient to deal with buyers with up-to-date, integrated systems.

Amira is aware that employees in the shops sometimes struggle to access customer data, such as customers' prescriptions and other health data, and appointment schedules. The data held in the CRM and appointments systems, such as addresses and phone numbers, is sometimes out of date, but it includes the customer's full name, date of birth and unique customer reference number.

Luca is worried that the systems lack IT controls and so are exposed to various types of cyber-risk. He has two main concerns:

- that the systems may suffer a cyberattack; and
- that Specca may be in breach of Data Protection Principles.