



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 held on 8 June 2026 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: www.icaew.com/students.

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 2025 Role Simulation Workbook and the 2025 ACA Certificate Level 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.

Purtlog Ltd

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This document reflects information available as at 14 April 2026.

Introduction: Purtlog Ltd

Purtlog Ltd (Purtlog) is a large road haulier in the UK, offering services that are part of the logistics industry.

Industry information: logistics and road haulage

Logistics industry

Logistics involves planning and managing entire supply chains. It comprises: transportation of goods by road, rail, sea and air; warehousing; packaging; order fulfilment and delivery to customers from a distribution hub or warehouse.

Managing the logistics of end-to-end distribution within supply chains includes route planning, customs clearance and tracking. Firms make use of a range of technology including route optimisation software, tracking systems and freight booking platforms.

Road haulage industry

The road haulage industry in the UK consists of businesses (road hauliers) which focus on the physical transportation of goods by road. Road hauliers operate large heavy goods vehicles (HGVs) as well as smaller commercial vehicles. Their services are used by clients in a wide range of industries including the construction, retail, agriculture and manufacturing industries.

The average operating margin in the UK road haulage industry is 10%.

There are two operating models for the services of road hauliers:

- Some companies manage their own distribution requirements and contract with the road haulier directly (direct clients).
- Other companies sub-contract the distribution of their goods to third-party logistics (3PL) providers who act as intermediaries, contracting with the road haulier on the company's behalf (3PL clients).

Direct clients contract with the road haulier for completion of specified journeys with specific loads. This usually provides the haulier with high selling prices per mile, but it requires highly customised delivery schedules and close coordination with clients' systems.

Hauliers are also contracted by 3PL clients, particularly for specialised transport of, for example, refrigerated goods and hazardous materials. Hauliers receive a slightly lower selling price per mile from 3PL clients compared with direct clients.

The road haulage industry in the UK is highly competitive and increasingly regulated in terms of road safety and sustainability. For example, legislation restricts the hours of unbroken driving that an HGV driver can complete without a rest break.

A range of market forces is pushing the road haulage industry towards being more environmentally and socially sustainable.

There are significant shortages of people who are qualified and willing to work as an HGV driver. The job entails long periods away from home, irregular hours and pressure to meet delivery slots. It also involves physical labour when loading and unloading HGVs as well as when dealing with used protective packaging. Drivers are responsible for high-value loads in transit and can face security threats from working alone.

In addition, road hauliers must deal with physical climate risks. Adverse weather conditions caused by climate change, such as flash floods and heatwaves, increasingly affect journeys by road.

It is important for road hauliers to keep up with the technological developments which are changing how the industry works. Since 2015, UK booking platforms such as Haulage Exchange, and apps such as Loadie, have been developed. These advances in technology allow a client, in real time, to advertise a load for transporting and to obtain bids for the journey from both road haulage companies and individual drivers. This reduces the need for clients to use 3PL providers but also means that a self-employed driver, operating with a single HGV and low overheads, can undercut an established road haulage company.

Apps are also available which track vehicles on journeys and have AI capabilities to help drivers with route and load optimisation.

Company information

History

Purtlog was founded in 1960 by the Porter family. Until 30 June 2025, Ursula Porter was CEO. Some members of the Porter family felt that Purtlog was struggling to compete in an increasingly tough industry, so they lobbied to replace Ursula with an external person who could bring wider industry expertise to the company. This resulted in Purtlog's first non-family CEO, Jack Bamblen, being appointed on 1 July 2025. Jack holds 5% of Purtlog's shares, with the remaining shares held by members of the Porter family. Ursula has left Purtlog's board but still holds some shares.

Business activities

Purtlog specialises in transporting goods for the supermarket industry between farms, food processing and other manufacturing plants, warehouses, distribution hubs and supermarkets across the UK. It operates a fleet of 50 diesel-powered HGVs.

Purtlog is often able to charge higher than average selling prices per mile, because a significant proportion of the goods it transports are fresh foodstuffs which are perishable. Purtlog's contracts with clients stipulate that Purtlog is responsible for disposing of any packaging of the load, such as pallets and plastic wrap, in a sustainable manner.

To ensure profitability and support sustainability, a key aspect of Purtlog's operations is capacity utilisation: coordinating journeys for different clients so that minimal journeys by Purtlog HGVs take place without a full load.

Purtlog's sales team has good relationships with a range of clients. Revenue is evenly split between direct clients and 3PL clients. Purtlog's larger clients have IT systems that are integrated with Purtlog's own IT system and those of other participants in the supply chain. This ensures that information is shared in real time.

Purtlog's head office is in central England and it also owns depots around the UK where its fleet of HGVs is maintained. The fleet is composed of a mix of refrigerated and non-refrigerated HGVs, some of which are owned and some of which are leased. Purtlog has recently started making several changes to the composition of the fleet in response to the changing needs of clients.

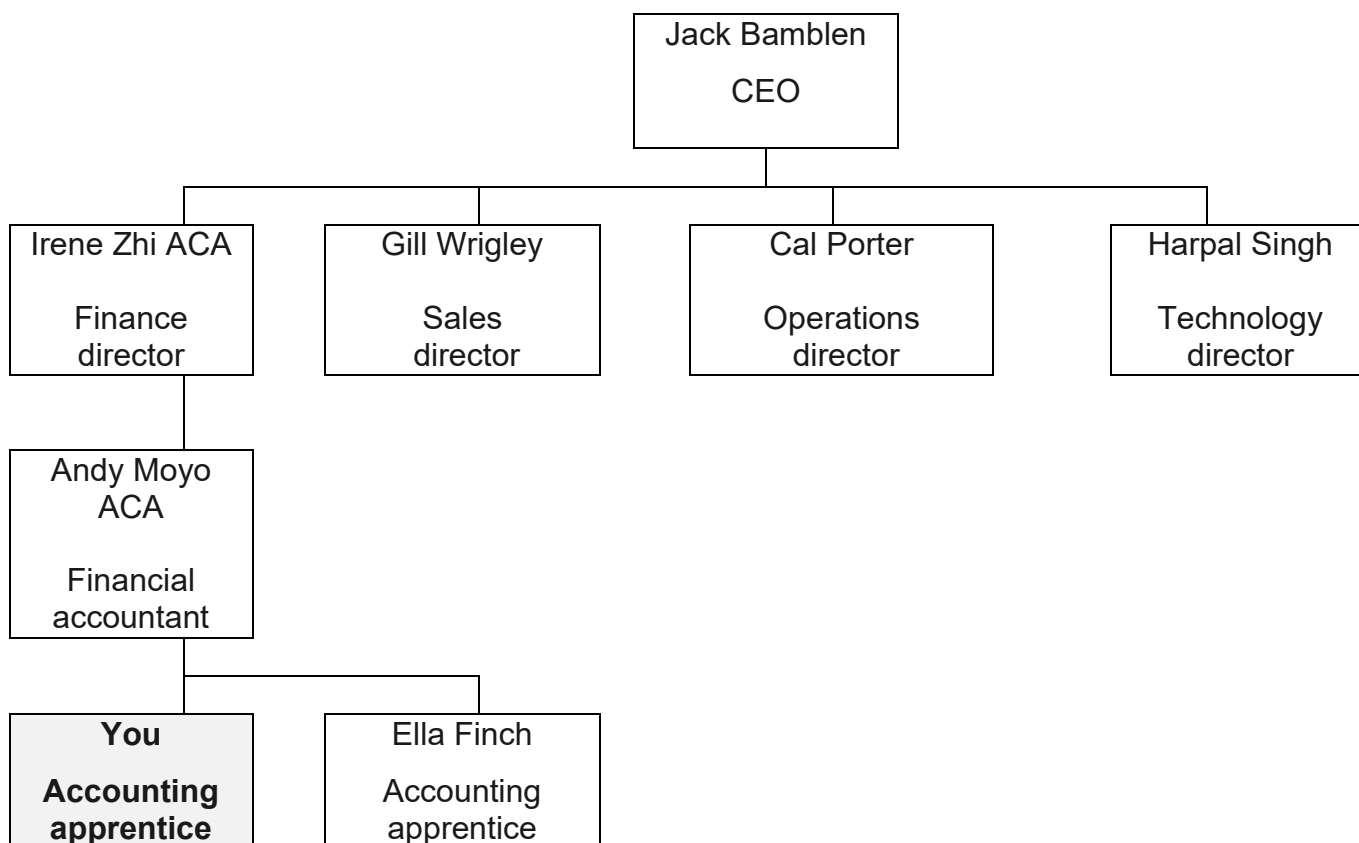
Purtlog employs 40 HGV drivers on permanent contracts and hires self-employed drivers when necessary to cover peaks in demand. Most of the permanent drivers have been with Purtlog for less than three years, which in part reflects the shortage of qualified drivers in the industry.

Your role and key people

You are a second-year accounting apprentice at Purtlog and a student member of ICAEW. You report to Andy Moyo, the financial accountant, who reports to Irene Zhi, the finance director. Ella Finch joined Purtlog last month as an accounting apprentice. Andy has asked you to mentor Ella. He has also made clear to you that he expects accountants in Purtlog to actively support Purtlog in relation to sustainability, including climate change.

See **Appendix A** for extracts from Purtlog's financial statements for the year ended 31 March 2025 and **Appendix B** for extracts from Purtlog's finance policies and procedures.

Extracts from organisational chart



Review of business operations

Purtlog's operating margin was less than 7% in the year ended 31 March 2025, following downward competitive pressure on selling prices per mile. According to management accounts, the operating margin for the year ended 31 March 2026 is even lower.

Jack, the CEO, and the other directors on the Purtlog board have recently started a comprehensive review of business operations. They have identified the following key issues:

- There is an ongoing dispute with Nolbo plc (Nolbo), a large 3PL client, affecting revenue and trade receivables. The dispute arose in relation to invoices which were raised based on digital data exchanged between Purtlog and Nolbo for journeys completed by Purtlog for Nolbo's clients in the three months ended 31 March 2026.
- The dispute with Nolbo is a consequence of some serious problems with data control and IT security that Purtlog has been experiencing. Harpal Singh, the technology director, is working hard to improve the IT system, strengthen cybersecurity and prevent Purtlog from becoming the subject of a cyberattack.
- Recently, several of Purtlog's most experienced permanent drivers have left the company to set up as self-employed drivers. These drivers are now using the industry's booking platforms (eg Haulage Exchange) and apps (eg Loadie).
- Purtlog's drivers frequently experience mental health issues caused by stress arising from the requirements of the job. These include anxiety about their physical security when sleeping overnight in an HGV cab to break up long journeys. In January 2025 several former employees started a joint legal action against Purtlog, claiming that the company ran operations in a way that negatively impacted their health and wellbeing. Purtlog is fighting the case but included a provision for £850,000 in its financial statements for the year ended 31 March 2025 in respect of the legal action. As part of its defence, Purtlog has engaged Yolande Vernon, a health and safety expert, to review its business operations.
- Cal Porter, the operations director, is concerned about the impact on the environment of some of Purtlog's older HGVs which do not meet the environmental regulations that apply to newer HGVs. Cal is aware that, in addition to regulatory requirements, market forces are increasing the need for Purtlog to consider social and environmental sustainability throughout its business operations. Purtlog's clients are applying increasing pressure on Purtlog to become more sustainable, and they want Purtlog to supply them with data about its sustainability targets and metrics. Cal has arranged a meeting in June with Alex Rescorl, the planning director of QFT Ltd (QFT), Purtlog's largest 3PL client, to discuss QFT's expectations of Purtlog in relation to social and environmental sustainability.
- Purtlog must repay £2 million of its £8.6 million secured loan on 30 September 2026, so cash budgeting and refinancing will be critical over the next few months. See **Appendix C**.

External audit

Kiban LLP (Kiban) has conducted the external audit of Purtlog's financial statements for many years, with no change in the audit partner. See **Appendix D** for further information relating to:

- the audit of Purtlog's financial statements for the year ended 31 March 2026; and
- relations between Purtlog and Kiban.

Appendix A – Financial statements for the year ended 31 March 2025 (extracts)

Purtlog Ltd: Statement of profit or loss for the year ended 31 March 2025

	£
Revenue	48,520,800
Cost of sales	(40,937,500)
Gross profit	<u>7,583,300</u>
Selling and administrative expenses	(4,408,200)
Operating profit	<u>3,175,100</u>
Finance costs	(545,000)
Profit before tax	<u>2,630,100</u>
Income tax	(620,200)
Profit for the year	<u><u>2,009,900</u></u>

Purtlog Ltd: Statement of financial position as at 31 March 2025

	£	£
ASSETS		
Non-current assets		
Property, plant and equipment		36,174,500
Current assets		
Trade and other receivables	8,975,300	
Cash and cash equivalents	441,500	
		<u>9,416,800</u>
Total assets		<u>45,591,300</u>
EQUITY AND LIABILITIES		
Equity		
Share capital: £1 equity shares		16,000,000
Retained earnings		10,256,000
		<u>26,256,000</u>
Non-current liabilities		
Long-term borrowings		10,441,300
Current liabilities		
Short-term borrowings	458,700	
Trade and other payables	7,275,200	
Provision for legal action	850,000	
Income tax payable	310,100	
		<u>8,894,000</u>
Total equity and liabilities		<u>45,591,300</u>

Appendix B – Finance policies and procedures (extracts)

Introduction

The financial statements are prepared in accordance with IFRS® Standards. Assets, liabilities, equity, income and expenses are recognised and measured in accordance with the principles in the IFRS *Conceptual Framework for Financial Reporting* and the appropriate standards.

Non-current assets

Property, plant and equipment (PPE) consists of land, buildings, vehicles and equipment. PPE is measured at historical cost less accumulated depreciation and impairments. Except for land, each asset is depreciated over its estimated useful life on a straight-line basis (to the nearest month).

Borrowings (long-term and short-term)

Borrowings comprise lease liabilities relating to some HGVs, and a loan from Purtlog's bank which is secured by a fixed charge on Purtlog's head office land and building.

Borrowings which are payable within 12 months are classified as short-term.

Cost of sales

Cost of sales consists of all costs related to HGVs: drivers, depreciation, impairment losses, fuel and maintenance.

Appendix C – Cash budgeting

Purtlog does not have an overdraft facility and the directors wish to minimise the company's reliance on debt finance as far as possible.

Because of an economic downturn affecting the supermarket industry, in which all of Purtlog's clients operate, Purtlog has found it more difficult to collect payment from clients on time. Purtlog has also seen a significant increase in selling and administrative expenses. This is due to increased spending on marketing in response to a reduction in sales volume compared with 2025. The costs of IT security have also risen.

Purtlog's directors have implemented a strategy of buying second-hand HGVs when the opportunity arises, for cash, in preference to taking out leases for new HGVs. However, the directors are concerned that increased use of older HGVs affects the credibility of Purtlog's efforts to operate sustainably.

Irene has produced a cash budget for April to June 2026 from forecasts of income and expenses.

	April 2026	May 2026	June 2026
	£	£	£
Forecast income and expenses			
Revenue	4,030,100	4,120,600	3,890,300
Operating costs, excluding depreciation	3,549,400	3,489,500	3,518,800
Finance costs	45,500	45,500	45,500
Cash budget			
<u>Estimated cash receipts:</u>			
Cash collected from clients (Note 1)	<u>4,026,340</u>	<u>4,084,400</u>	<u>3,982,420</u>
<u>Estimated cash payments:</u>			
Operating costs (Note 2)	3,488,800	3,519,450	3,504,150
Finance costs (Note 3)	45,500	45,500	45,500
HGVs purchased for cash	<u>0</u>	<u>250,000</u>	<u>0</u>
Total cash payments	<u>3,534,300</u>	<u>3,814,950</u>	<u>3,549,650</u>
Net surplus/(deficit) for the month	492,040	269,450	432,770
Budgeted opening cash balance	<u>441,500</u>	<u>933,540</u>	<u>1,202,990</u>
Budgeted closing cash balance	<u>933,540</u>	<u>1,202,990</u>	<u>1,635,760</u>

Notes and assumptions:

- (1) 60% of clients pay in the same month that the revenue is earned, and 40% in the following month. Revenue in March 2026 was £4,020,700.

- (2) 50% of operating costs incurred in a month are paid immediately and 50% in the following month. Operating costs in March 2026 were £3,428,200 (excluding depreciation).
- (3) The monthly payment for finance costs is fixed for the period to 30 September 2026.

Appendix D – External audit

Audit of financial statements for the year ended 31 March 2026

Tash Lennox, audit manager at Kiban, has told Irene that Kiban staff will visit Purtlog's premises in June 2026 to undertake audit work.

Tash has also told Irene that Kiban has identified Purtlog's fleet of HGVs, which form part of PPE, as a high-risk area. Kiban is likely to require written representations from management in respect of the HGV fleet.

Relations between Purtlog and Kiban

The previous CEO, Ursula Porter, had very good relations with the partners and staff at Kiban. Since Ursula ceased to be Purtlog's CEO, relations between Purtlog's finance team and Kiban have been strained.

Irene often does not receive complete information from Kiban in a timely manner. Furthermore, Irene has concerns about the involvement of the Kiban audit partner with the Purtlog audit over such a long period.

Irene and Jack have had an initial conversation about replacing Kiban as Purtlog's auditor, but need to look into the associated legal requirements before taking any action.