

Marking guide for Role Simulation Examination March 2026

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 (T)
- Business awareness (BA)
- Ethics and standards (E&S)
- Regulation and compliance (R&C)
- Systems and processes (S&P)

The S marks are for the following skills:

- Analysis (A)
- Communication (C)
- Leadership (L)
- Planning and prioritisation (P&P)
- Producing quality and accurate information (Q&AI)
- Team working and collaboration (TW&C)
- Using systems and processes (US&P)

The B marks are for the following behaviours:

- Adaptability (A)
- Adding value (AV)
- Ethics and integrity (E&I)
- Proactivity (P)
- Professional scepticism (PS)

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.

March 2026 marking grid

	Marks identified in marks scheme	Maximum full marks	Syllabus
Task 1			
1.1a	4	4	Accounting
1.1b	4	4	Accounting
1.1c	11	6	Accounting
1.2a	11	10	Accounting
1.2b	2	2	Accounting
1.3a	8	4	Assurance
1.3b	4	4	Assurance
1.3c	4	3	Assurance
1.3d	11	6	Assurance
1.3e	2	2	Assurance
1.4a	10	6	BTF
1.4b	9	6	Assurance
1.4c	6	3	Assurance
	86	60	
Task 2			
2.1a	6	6	MI
2.1b	4	4	MI
2.1c	2	2	MI
2.1d	14	4	MI
2.1e	8	4	BTF
2.2a	7	6	Law
2.2b	8	4	BTF
2.3a	2	2	BTF
2.3b	24	8	BTF
	75	40	
Total	161	100	

The marking information set out below is that used to mark the requirements in the March 2026 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 performance on this sub-task was good.

Task 1.1 (a)				Marks
Date	Number of units	Cost per unit	Total cost	1 for goods in/out
6 Oct	5,000	19.00		
7 Nov	5,000	22.00		
	<u>10,000</u>	20.50		2 for average costs
13 Nov	(8,000)	20.50		
	<u>2,000</u>	20.50		
19 Dec	5,000	26.00		
	<u>7,000</u>	24.43	171,000	1 for total cost of closing inventory
Examiner's comments				
Candidates generally performed very well on this requirement, with many achieving full marks				
Total possible marks				4
Maximum full marks				4

Task 1.1 (b)				Marks
<u>Expenditure on machinery</u>				
Dr	Cost of sales	75,000		1
Cr	Suspense		75,000	
Dr	PPE	60,000		1
Cr	Suspense		60,000	
Dr	Depreciation expense / cost of sales (60,000 x 1/5 x 9/12)	9,000		1 for calc
Cr	PPE / accumulated depreciation		9,000	1 for Dr/Cr
Examiner's comments				
Performance on this task was varied; a common error was to show the journals that should have been used in the initial recording of the transactions, ignoring the requirement to clear the suspense account.				
Total possible marks				4
Maximum full marks				4

Task 1.1 (c)	Marks
Using accrual accounting, as set out in the IFRS Conceptual Framework for Financial Reporting, Capital income and expenditure must be distinguished from revenue income and expenditure.	1
Capital expenditure is expenditure which results in the acquisition of non-current assets or an improvement or enhancement of their earning capacity.	1
Capital expenditure on non-current assets is presented in the statement of financial position and is not shown as an expense in the statement of profit or loss.	1
This is shown in transaction 2 where the new component meets the recognition criteria for PPE.	1
In relation to capital expenditure on non-current assets, often a depreciation expense is shown in the statement of profit or loss with the effect that the accounts match the capital expenditure against the income that it generates over the useful life of the asset when calculating profit.	1
This is shown in transaction 2 where depreciation is recorded.	1
Revenue expenditure is expenditure which is incurred to maintain the existing earning capacity of non-current assets or for trade purposes (for example, selling and distribution expenses, finance costs).	1
Revenue expenditure is presented in the statement of profit or loss of a period, provided that it relates to the trading activity and sales of that period.	1
This is shown in transaction 1 where the expenditure relates to routine maintenance ie the machine is maintained to keep its existing earning capacity.	1
The same principles apply to income. Capital income includes, for example, proceeds from the sale of non-current assets and revenue income includes, for example, income derived from the sale of trading assets, such as goods held in inventory.	1
Communication to Pat	1
Examiner's comments Candidates generally performed well on this task and were able to apply their technical knowledge to the transactions in the scenario, using PPE transactions to illustrate the difference between expenditure which results in the recognition of an asset and expenditure which does not.	
Total possible marks	11
Maximum full marks	6

Task 1.2
General comments
Overall performance on this sub-task was very varied, with some candidates scoring full marks but many other candidates struggling to deal with some of the adjustments needed to prepare the statement of profit or loss. This sub-task had the lowest average marks for the paper.

Task 1.2 (a)	Marks
Hewrick Textiles Ltd	1
Statement of profit or loss for the year ended 31 December 2025	layout
	£ 000
Revenue	76,760
Cost of sales	<u>(55,128)</u>
Gross profit	21,632
Selling, distribution and administrative expenses	<u>(15,691)</u>
Profit from operations	5,941
Finance costs	<u>(829)</u>
Profit before tax	5,112
Income tax expense	<u>(1,278)</u>
Profit for the year	<u>3,834</u>
<u>Workings</u>	
Revenue in TB	76,903
Performance obligation	<u>(143)</u>
	<u>76,760</u>
Purchases and production costs in TB	55,860
Opening inventory	10,831
Closing inventory	<u>(11,650)</u>
Task 1.1 adjustments:	
Closing inventory valuation FIFO / AVCO (reduces closing inventory, increases COS)	3
Maintenance costs	75
Depreciation	<u>9</u>
COS	<u>55,128</u>
Selling, distribution and administrative expenses in TB	15,529
Receivable impaired	160
Increase in allowance for receivables	2
2025 Trade receivables: 10,360 - 160 =	10,200
2025 Allowance: 10,200 x 1% =	102
2024 Allowance =	100
Increase =	2
	<u>15,691</u>
Examiner's comments	
Some candidates achieved full marks on this requirement but many were unable to deal with the more challenging adjustments needed to prepare the statement of profit or loss. The most common mistakes were failing to deal with the increase in the allowance for receivables and not adjusting correctly for the difference between purchase and cost of sales and for the impairment of inventories. A small number of answers demonstrated basic errors such as subtracting the irrecoverable receivable from revenue and presenting dividends as an expense in the statement of profit or loss.	
Total possible marks	11
Maximum full marks	10

Task 1.2 (b)		Marks
	£ 000	
Retained earnings 31 December 2024	30,446	
Profit for the year ended 31 December 2025	3,834	
Dividends	<u>(1,800)</u>	
Retained earnings 31 December 2025	<u>32,480</u>	1 OF 1
Examiner's comments		
Many candidates answered correctly, though other candidates also seemed unable to link opening and closing retained earnings balances with changes during the year, suggesting this is an area which is sometimes poorly understood.		
Total possible marks		2
Maximum full marks		2

Task 1.3	
General comments	
Performance on the requirements in this sub-task was mixed. As is often the case in ROSM, overall performance on these assurance related requirements was lower, relative to performance on the other questions in the exam.	

Task 1.3 (a)		Marks
If Welland assesses that the control environment is strong, then the risk of fraud and error is reduced.		1
Welland can then rely more on the controls system and will carry out more tests of controls and fewer tests of detail. This is likely to be a more efficient approach.		1
If Welland assesses that the control environment is weak then the risk of fraud and error is increased.		1
Welland can then rely less on the controls system and will therefore increase the number of tests of detail.		1
Therefore, Welland's assessment of the control environment affects the audit procedures it selects and the nature and extent of testing		1
and therefore, the nature and extent of the requests Welland's auditors will make of HT's directors and staff.		1
This in turn will affect the cost of the audit to Welland		1
in terms of staff time and audit fee.		1
Examiner's comments		
Generally, candidates performed very well on this requirement, which is similar to past requirements and tests candidates' understanding of how the auditor's assessment of the control environment affects the audit approach.		
Total possible marks		8
Maximum full marks		4

Task 1.3 (b)	Marks
Poor quality items may be accepted: This is significant for HT because the wrong grade of materials or defective materials could seriously compromise production quality, with subsequent complaints from customers and damage to HT's reputation and may create additional costs for rectification and replacement.	2
Goods may be misappropriated for private use: This is unlikely to be a significant risk for HT as the goods are of limited use to anyone personally, being raw materials that require processing rather than finished products and they are also likely to be bulky and heavy and so difficult to transport.	2
Examiner's comments	
This requirement generated one of the lowest average marks. Many candidates explained the risks in basic terms but very few made the point that the risk of accepting poor quality items should be of greater concern than the risk of goods being misappropriated for private use. This is because poor quality materials could compromise production quality whereas the risk of goods being misappropriated for private use is unlikely to be significant for HT since the goods would be of limited use to anyone personally.	
Total possible marks	4
Maximum full marks	4

Task 1.3 (c)	Marks
Observing procedures such as completion/matching of documentation, physical inspection of goods on arrival (but this only provides evidence at time of observation)	1
Inspecting documentation eg the goods received records are sequentially numbered, checks have been completed/signed off	1
Matching order / goods received record/ invoice often called 3 way check)	1
Inquiry of staff members about their tasks	1
Give credit for reasonable suggestions.	
Examiner's comments	
Most candidates made reasonable suggestions, the most common mistake was to suggest generic tests rather than specifically tests of control.	
Total possible marks	4
Maximum full marks	3

Task 1.3 (d)	Marks
Random selection ensures that all items in the population have an equal chance of selection.	1
Welland's auditors would use a random number generator to select invoices for testing.	1
Welland will rely on sequential numbering of invoices received, or identification of invoices by date received.	1
Systematic selection involves selecting items using a constant interval between selections, the first interval having a random start.	1
For example, Welland's auditors could select every 100th invoice from a list of invoices ordered by invoice number or date, starting with an invoice that is identified using random number tables/ random number generator.	1
Welland will need to ensure that the invoice numbering / selection is not structured in such a manner that the sampling interval corresponds with a particular pattern in the population.	1
Welland could use the following criteria to determine sample size:	Max 4
<ul style="list-style-type: none"> • the extent to which the Welland's risk assessment considers relevant controls • the tolerable rate of deviation • the expected rate of deviation of the population to be tested • Welland's desired level of assurance that the tolerable rate of deviation is not exceeded by the actual rate of deviation in the population • the size of the population 	1 1 1 1 1
	Max 2
Examiner's comments	
Overall performance was reasonable. Candidates generally explained these points well, though a small number of candidates seemed to have little or no knowledge of this area.	
Total possible marks	11
Maximum full marks	6

Task 1.3 (e)	Marks
Statements 1 is TRUE. Audit software can generally be used for assurance procedures that can be automated and that do not require judgement.	1
Statement 2 is FALSE. Welland will use its own specialised software.	1
Examiner's comments	
Almost all candidates correctly interpreted these statements.	
Total possible marks	2
Maximum full marks	2

Task 1.4
General comments
Overall performance on this sub-task was excellent, with candidates demonstrating a good understanding of these syllabus areas, covering sustainability and ethics.

Task 1.4 (a)	Marks
Good practices:	
microgeneration of electricity on site using solar and hydropower	use of renewable energy reduces HT's dependence on fossil fuels and carbon emissions 1+1
introduction of new dyeing processes that require less water	Reduces uses of water, thus requiring less energy overall, and reduces local water pollution 1+1
treating wastewater on site	Reduces local water pollution, reduces overall emissions and reduces the risk of local pollution incidents as polluted wastewater is not transported. 1+1
Harmful impacts:	
Resource depletion	using packaging that is made from non-sustainable materials (such as single-use plastic which cannot be reused or recycled). 1+1
Waste generation	HT continues to send waste to landfill. 1+1
Examiner's comments	
Almost all candidates scored full marks on this requirement.	
Total possible marks	10
Maximum full marks	6

Task 1.4 (b)	Marks
HT is considering including misleading information in marketing materials and in its correspondence with Emerald;	1
this threatens my integrity .	1
If I go along with Dev's request to ignore relevant information	1
this would be a threat to my objectivity .	1
I would be undertaking a course of action which could bring the profession into disrepute,	1
threatening the principle of professional behaviour .	1
Dev is senior to me, and may have some influence over my progression at work, so there may be an intimidation threat and/or a self-interest threat.	1
There is no attempt to misstate the amounts in the financial statements.	1
But there is some greenwashing, which is unethical.	1
Up to 2 marks per well explained principle.	

Examiner's comments	
Generally candidates answered this question well. The better answers adopted a structured approach and clearly answered the question by focusing on the ethical principles and the threats presented.	
Total possible marks	9
Maximum full marks	6

Task 1.4 (c)	Marks
I should not comply with the request from Dev to produce misleading information.	1
I should explain my concerns and my response to Dev.	1
If that does not resolve the issue I could discuss my concerns with my line manager, Lin.	1
But this may not be effective as she is junior to Dev. Therefore, I might subsequently raise the issue with Kai, who is at the same level as Dev, and who may raise the issue with Hannah.	1
I could also call the ICAEW Helpline in confidence for further advice.	1
I should document my concerns and the actions taken.	1
1 for clearly stating should not comply, up to 2 for any other sensible actions.	

Examiner's comments	
In general answers to this requirement were more variable. The requirement asked candidates to state three actions they would take. They should have clearly stated that they would refuse to comply with Dev's request, although not all did. Better answers did state this clearly. Better answers also acknowledged the fact that 'discussion with line manager' might be ineffective as the line manager, Lin, is junior to Dev, and so it would almost certainly be necessary to raise the issue, either directly or indirectly, with Kai and/or Hannah.	
Total possible marks	6
Maximum full marks	3

Task 2.1
General comments
Overall performance on this sub-task was good, with many candidates scoring full marks on the discussion requirements, though performance was more varied on the calculation requirements.

Task 2.1 (a)	Marks
Preliminary batch	
	£
Materials (8,400 + 600)	9,000
Labour ((9.300 x 1.10) + 2,000)	12,230
Variable overheads (43 x 160 x 1.10)	7,568
Fixed overheads absorbed (53 x 160 x 1.10)	9,328
	38,126
Over-absorption of fixed overheads (9,328-8,700)	(628)
	37,498
Examiner's comments	
Although some candidates scored full marks, many candidates were unable to complete this calculation, the most common errors were failing to adjust for the increase on costs and failing to show the fixed overhead under- absorbed or over-absorbed.	
Total possible marks	6
Maximum full marks	6

Task 2.1 (b)	Marks
New cost card	
	per batch
	£
Materials (8,400 x 0.95)	7,980
Labour	9,600
Variable overheads (43 x 160)	6,880
Total marginal cost	24,460
Fixed overheads absorbed (55 x 160)	8,800
Total absorption (full) cost	33,260
	1 for identifying MC and TC
Examiner's comments	
Performance on this calculation was better, though a small proportion of candidates made mistakes in the calculations.	
Total possible marks	4
Maximum full marks	4

Task 2.1 (c)		Marks
Full cost	33,260	1 OF
Markup 25%	8,315	
Price	41,575	
Marginal cost	24,460	1 OF
Mark up 50%	12,230	
	36,690	
Examiner's comments		
This requirement was well answered. Generally candidates completed these calculations correctly, or at least consistently with their cost calculations in requirements (a) and (b).		
Total possible marks		2
Maximum full marks		2

Task 2.1 (d)		Marks
<u>Advantages of marginal cost-plus pricing:</u>		
It is a simple method to use,		1
so HT can estimate the cost quickly for this order or subsequent orders from Emerald.		1
It avoids the arbitrary apportionment and absorption of fixed costs that is necessary with absorption costing,		1
which is relevant for HT since they have significant fixed costs.		1
It is more useful than total cost-plus pricing for short-term management decision making.		1
So HT's management can focus on contribution and the effect on profit of higher or lower sales volumes.		1
		Max 2 for one explained ADV
<u>Disadvantages of marginal cost-plus pricing:</u>		
The full costs might not be recovered in the long term.		1
This is a relevant consideration for HT because it appears that this is not a short-term contract.		1
The mark-up needs to be higher than that for absorption costing for HT to fully cover its costs.		1
The marginal cost markup used by HT gives a lower price, which suggests it is too low.		1
To achieve the same price, the marginal cost mark up would need to be 70%.		1
Any cost-plus pricing method, including marginal costing, does not ensure that sufficient attention is paid to demand conditions, competitors' prices or profit maximisation		1
All of which are relevant considerations for HT because of the nature of its business.		1
Lin is considering marginal cost pricing because the contract is small, but it is not short-term so the contract should still generate enough contribution to cover fixed costs.		1
		Max 2 for one explained DISADV

Examiner's comments	
Most candidates scored very well on this requirement.	
Total possible marks	14
Maximum full marks	4

Task 2.1 (e)	Marks
Competitors:	
HT needs to ensure its pricing is comparable to the likely / current price of competitors.	1
The directors are keen to price the contract with Emerald competitively, which puts downward pressure on the possible price.	1
Customers:	
HT needs to consider Emerald's expectations in setting the price.	1
If possible, HT should try to determine exactly how Emerald is likely to react (agreeing or not agreeing the contract, increasing or decreasing order quantities or frequencies) in response to price.	1
HT will have some idea of price elasticity of demand from other contracts.	1
Corporate objectives:	
HT will set its price with reference to its objectives,	1
which might be:	1
<ul style="list-style-type: none"> • to maximise profits • to achieve a target return on investment. • to achieve a target revenue figure • to achieve a target market share • to match the competition • to drive competitors out of the market through predatory pricing with a view to raising prices subsequently 	
HT's objectives for this specific contract might be different from its overall objectives in pricing	1
Up to 2 for each reason applied to HT.	
Examiner's comments	
Almost all candidates obtained full marks on this requirement.	
Total possible marks	8
Maximum full marks	4

Task 2.2
General comments
Overall performance on this sub-task was excellent and it generated the highest overall average mark.

Task 2.2 (a)	Marks
<p>EMAIL</p> <p>To: Christine Laurent [christinelaurent@hewricktextiles.co.uk] Subject: Contractual obligations to suppliers Date: 10 March 2026</p> <p>Dear Christine,</p> <p>Here is a summary of our obligations to Poulon and Fylp.</p> <p><u>Poulon</u></p> <p>Poulon's £3,000 per month email is an offer, Dev's reply is a counter-offer, Poulon's reply is acceptance of the counter-offer.</p> <p>Therefore a contract exists</p> <p>And HT is legally obliged to purchase from Poulon. (If it does not this is likely to be a breach of contract.)</p> <p><u>Fylp</u></p> <p>Fylp's initial communication may be an invitation to treat but is not sufficiently detailed to constitute an offer. The meeting is continuing negotiations, and does not constitute an offer or acceptance.</p> <p>Therefore, there is no contract between HT and Fylp.</p> <p>HT has no legal obligations.</p> <p>Best wishes,</p> <p>Accounting Apprentice</p>	<p>1 (format)</p> <p>1</p> <p>1</p> <p>1</p> <p>1</p> <p>1</p> <p>1</p>
Examiner's comments	
Most candidates answered this question well and showed that they could apply their law knowledge to the scenario and form a conclusion about the existence or otherwise of contracts and the extent of HT's legal obligations.	
Total possible marks	7
Maximum full marks	6

Task 2.2 (b)	Marks
The price of cryptocurrencies is subject to large, unpredictable short-term fluctuations, which could cause losses and/or uncertainty for HT.	1
However, if HT is merely paying invoices using cryptocurrency and not keeping deposits in cryptocurrency then this risk is minimal.	1
There are additional security risks: online digital wallets where the currencies are stored can be hacked.	1
This could cause losses for HT, since unlike with bank deposits there is no statutory protection.	1
However, if HT is only paying invoices using cryptocurrency and not keeping deposits in cryptocurrency then this risk is minimal.	1
The privacy associated with using crypto currencies for payments could provide opportunities to users for tax evasion, money laundering etc.	1
Although HT is not actively engaging in anything criminal by using cryptocurrency it would need to satisfy itself that it was not associated with such activity. The large discount offered by the supplier suggests that there may be some attempt to hide the transaction.	1
	Up to 2 marks for each well explained risk
Examiner's comments	
This requirement did require candidates to apply their knowledge of the characteristics of cryptocurrencies to the scenario, and most candidates did so very well. Better answers identified the risk of HT's being implicated, even inadvertently, in tax evasion. Weaker answers tended to identify risks without explanation or evaluation: while it is true that there are security risks associated with holding cryptocurrencies in digital wallets, since HT is only paying invoices using cryptocurrency rather than keeping deposits in cryptocurrency then this risk is minimal.	
Total possible marks	8
Maximum full marks	4

Task 2.3a
General comments
Although many candidates could not correctly identify the types of analytics in part (a), overall performance on part (b) was good.

Task 2.3 (a)	Marks
Dev is referring to descriptive analytics.	1
Christine is referring to predictive analytics.	1
Examiner's comments	
Many candidates could not correctly identify the types of analytics; this requirement had one of the lowest average marks on the exam.	
Total possible marks	2
Maximum full marks	2

Task 2.3 (b)	Marks
<p><u>Benefits of using big data and data analytics</u></p> <p>Enhancing transparency: data analytics of big data create insights into issues affecting the business that may not have previously been fully understood, such as customer buying patterns or fluctuations in raw materials prices affecting HT's purchasing. 2</p> <p>Performance improvement: real-time, analysed information allows managers to make better decisions (eg on contract pricing) which result in better profitability. 2</p> <p>Market segmentation and customisation: insights into customer needs from big data can allow HT to tailor its product designs and prices to customers or types of customer. 2</p> <p>Decision making: real-time information allows managers to make better day-to-day decisions, for instance about pricing or stocking of goods. 2</p> <p>Innovation: analysed big data can reveal new ideas which result in new products and services. 2</p> <p>Risk management: data analytics can use big data to assist with the identification, quantification and management of risk. 2</p> <p>Give credit for reasonable points relevant to HT Max 4</p>	
<p><u>Risks and costs of using big data and data analytics</u></p> <p>Storage: the sheer volume of big data means that organisations must monitor and flex storage levels to avoid running out of space. 2</p> <p>Workforce skills: increasing amounts of data and the need for its analysis and interpretation means that HT would need input from data scientists and analysts with an appropriate mix of knowledge and experience to get the most out of the data that they have. 2</p> <p>Data dependency: organisations can become dependent on data to make business decisions, which puts them at risk of making poor decisions if there are errors in the data or if it is misinterpreted by data scientists. 2</p> <p>Information overload: data analytics of big data can create huge numbers of insights into the business and its environment. There is a risk that too much information becomes available which may hamper the speed that business decisions can be made. 2</p> <p>Data privacy: HT would need to be aware of and manage the risks associated with collecting, storing and analysing data, in compliance with data protection legislation. 2</p> <p>Data security: big data and its analysis can be a source of competitive advantage for organisations. The data and its analysis need to be protected from cybersecurity risks to prevent this highly valuable information from falling into the wrong hands. 2</p> <p>Give credit for reasonable points relevant to HT 2</p> <p>Max 4</p>	
<p>Examiner's comments</p> <p>Candidates generally performed well on this requirement. Better answers explained the points made and related them to HT's circumstances, whereas weaker answers tended to identify points without fully developing or explaining them.</p>	
<p>Total possible marks 24</p> <p>Maximum full marks 8</p>	