

ACCA Accounting Technician  
Apprenticeship  
(Level 4)

# Technician Role Simulation (TRS)

Thursday 6 June 2024

Pre-seen Material

**You must familiarise yourself with this pre-seen material before you attempt the Technician Role Simulation examination.**

**You are NOT permitted to bring a copy of this pre-seen material into the examination hall.**

**The pre-seen material will be provided again on the day of the examination as part of the Technician Role Simulation examination.**

# TRS

Think Ahead

**ACCA**

The Association of  
Chartered Certified  
Accountants

## **Section 1 – Technician Role Simulation pre-seen material**

### **Introduction**

You have recently started as the apprentice accountant at Risso Ltd, a small family-owned business which sells plastic-free home and beauty products direct to customers from its website. Risso Ltd does not have a separate finance department. Ashley, one of the co-owners, is an ACCA-qualified accountant and has maintained the company's accounting records using the cloud accounting software 'TruAccount'. An external accountancy firm has historically prepared the company's financial statements and tax returns.

Ashley has welcomed you to the company, stating:

*'I'm pleased to have you join Risso Ltd as our apprentice accountant. As a qualified accountant myself, I will be able to support you with technical matters and how to use our cloud accounting software, although I don't quite understand how we can both use it when working from home. I'm afraid I've been so busy with running the business that I haven't had a chance to formalise any internal controls, prepare budgets or forecasts nor do any longer-term planning. I hope that you will be able to assist in these areas. Risso Ltd is a growing company and there is a lot for you to do! I have prepared some notes to explain more about the company, our current market and future plans which I'd like you to familiarise yourself with. I'll then provide specific tasks at a later date.'*

### **Company background**

Ashley and her partner, Charlie, were both made redundant in 20X2. They are both committed to reducing their use of disposable plastics but found it very difficult to find products for the home which were not either made from plastic, contained plastic or came wrapped in plastic. Charlie is a lifestyle blogger and began to share their frustrations on their blog, receiving hundreds of responses from others who were equally frustrated. Ashley and Charlie decided there was a business opportunity around plastic-free products. They had some free time and spare money as a result of the redundancies and so, Risso Ltd was formed on 1 January 20X3. Ashley and Charlie contributed a total of £50,000 in cash and transferred a building they owned into the company's name to be used as the base for Risso Ltd's operations.

The company set up a website which promotes its ethos and sells its products. Risso Ltd aims to provide a single shop where consumers can buy all their everyday home and beauty products in the knowledge that the product and packaging are guaranteed to be plastic free. Risso Ltd sources products such as reusable drinking bottles, stainless steel straws and bamboo cutlery sets from selected suppliers which share its principles. Risso Ltd also uses Charlie's previous experience to manufacture its own brand of shampoo and conditioner which are manufactured as solid bars which do not require to be packaged in plastic. All products are sold on Risso Ltd's website direct to its customers. The vast majority of its customers are individuals and it has only a very small number of corporate customers, which is an area the company would like to grow in the future.

### **Structure, systems and controls**

Ashley and Charlie are the directors and co-owners of Risso Ltd, each holding 50% of the issued shares. They also work in the business full time but have neither paid themselves a salary nor taken any dividends, although they plan to do so from 20X6. They are supported by a full-time website and social media manager, two part-time staff who work in the production of Risso Ltd's own brand products and a further two part-time staff who assist with deliveries and packaging products for delivery to customers. Risso Ltd is a Living Wage employer and pays its part-time staff the rate set by the UK Government.

Risso Ltd uses a cloud accounting system which is fully integrated with its digital banking. The accounting system can automatically match bank receipts and payments with known transactions. For example, if Risso Ltd has recorded an invoice for a credit purchase from a supplier and subsequently makes a payment to that supplier, the accounting system is sophisticated enough to match the payment to the invoice and automatically record the transaction. If a receipt or payment cannot be matched, it is highlighted in an exception report. The exception report is run each day and any items are investigated and manually recorded.

The small size of the company and its fast growth have meant that there are very few documented company policies or controls. Ashley is aware that the company needs to implement better systems and controls if it is to grow successfully. Ashley is also aware of the objectives of budgeting but does not have experience in preparing budgets or using them for performance management purposes. The company has experienced problems with prior product launches as it either has not had enough product to meet demand or has overstocked and found it had to sell the goods at a discount. The owners are keen to avoid this recurring in the future.

### **Market and competitors**

Many retailers offer non-plastic alternatives to everyday items such as drinking bottles and such items have grown in popularity over recent years as consumers have become more conscious of the impact of plastic on the environment. Ashley and Charlie obtained research which showed that eight in ten consumers are committed to reducing their plastic waste and more than half of consumers are willing to spend more on non-plastic alternatives. Risso Ltd's products are priced at the higher end of the market, reflecting the fact that purchased products are carefully sourced and manufactured products are produced on a small scale. Competition in the non-plastic alternatives sector is growing with other online retailers and high-street stores able to offer similar products, often at much cheaper prices. Price is expected to become an increasingly relevant factor due to wider economic pressures, particularly increasing rates of inflation, which the directors are aware will impact on the business and its customers.

Much of Risso Ltd's success so far has been down to its user-friendly website, its use of website push notifications to increase the conversion of customer baskets to customer sales and its social media marketing campaigns. The website and social media manager is largely to thank for this. His performance appraisal is coming up soon and the directors would like to acknowledge his positive contribution to the company. The directors are keen to use big data to inform their future decisions and recently paid to obtain a report from data analysts which identifies themes which are trending in retail. The report identified that live stream promotions, whereby retailers showcase their products by live streaming on social media platforms, increase sales and profitability. The directors are both keen to understand how this can benefit Risso Ltd, particularly as they are planning to upgrade the company's website in 20X6.

### **Future plans**

Both Ashley and Charlie want to ensure the continuing success of the company but have different ideas about how to do this.

Ashley would like to offer a next day delivery service to customers. She has identified a courier which will provide a nationwide delivery service, but she would like Risso Ltd to manage its own deliveries within a 25-mile radius by purchasing a delivery vehicle and hiring an additional employee. Ashley is concerned about the company's carbon footprint and believes that it needs to offer a 'green' delivery service in order to be consistent with the company's values.

Charlie believes that the company would expand more quickly if it extended into 'business to business' supplies. They believe this could be done by printing corporate logos on its reusable water bottles. This would require Risso Ltd to invest in new software and equipment.

Both directors are concerned about the impact of the plans on the company's cash flows, particularly as they would like to start drawing a dividend from the company in 20X6. The company has a positive cash position in 20X5 and whilst the directors plan to use some of the surplus cash reserves to fund their future plans, some additional funding is likely to be required.

## Appendix 1 – Draft trial balance for Risso Ltd as at 31 December 20X5

	Dr £	Cr £
Land and building cost (land: £100,000)	178,000	
Land and building accumulated depreciation at 31 December 20X4		8,900
Plant and equipment cost	38,760	
Plant and equipment accumulated depreciation at 31 December 20X4		7,752
Capitalised development expenditure cost	4,080	
Capitalised development expenditure accumulated amortisation at 31 December 20X5		1,632
Inventories at 31 December 20X4	11,624	
Cash at bank	29,162	
Trade receivables	1,335	
Prepayments	6,248	
Ordinary share capital		100,000
Retained earnings at 31 December 20X4		40,853
Trade payables		18,560
Accruals		4,105
Tax payable		9,800
Revenue		318,980
Purchases	136,294	
Distribution costs	3,876	
Administrative expenses	92,389	
Finance income		986
Tax expense	9,800	
	<u>511,568</u>	<u>511,568</u>

### Accounting policy – depreciation and amortisation

Risso Ltd depreciates its building over its estimated useful life of 40 years and assumes nil residual value. Depreciation relating to the building is presented in administrative expenses.

Risso Ltd depreciates its plant and equipment over its estimated useful life of ten years. Residual value is estimated to be 10% of cost. Depreciation and any other costs relating to plant and equipment are presented in administrative expenses.

Risso Ltd amortises its capitalised development expenditure over its useful life of five years and assumes nil residual value. Amortisation relating to capitalised development expenditure is presented in cost of sales.

All depreciation and amortisation is calculated pro-rata with a full month charged in the month of purchase and none in the month of disposal.

Appendix 2 – Extract from the ACCA *Code of Ethics and Conduct*

**PART 1 – COMPLYING WITH THE CODE, FUNDAMENTAL PRINCIPLES AND CONCEPTUAL FRAMEWORK**

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## **PART 1 – COMPLYING WITH THE CODE, FUNDAMENTAL PRINCIPLES AND CONCEPTUAL FRAMEWORK**

### **SECTION 100: COMPLYING WITH THE CODE**

#### **Introduction**

- 100.1 A distinguishing mark of the accountancy profession is its acceptance of the responsibility to act in the public interest.
- 100.2 Confidence in the accountancy profession is a reason why businesses, governments and other organizations involve professional accountants in a broad range of areas, including financial and corporate reporting, assurance and other professional activities. Accountants understand and acknowledge that such confidence is based on the skills and values that accountants bring to the professional activities they undertake, including:
- (a) Adherence to ethical principles and professional standards;
  - (b) Use of business acumen;
  - (c) Application of expertise on technical and other matters; and
  - (d) Exercise of professional judgment.
- The application of these skills and values enables accountants to provide advice or other output that meets the purpose for which it was provided, and which can be relied on by the user of such output.
- 100.3 The Code sets out high quality standards of ethical behavior expected of professional accountants, for adoption by professional accountancy organizations which are members of the International Federation of Accountants (IFAC), or for use by such members as a basis for their codes of ethics. The Code may also be used or adopted by those responsible for setting ethics standards for professional accountants in particular sectors or jurisdictions and by firms in developing their ethics and independence policies.
- 100.4 The Code establishes five fundamental principles to be complied with by all professional accountants. It also includes a conceptual framework that sets out the approach to be taken to identify, evaluate and address threats to compliance with those fundamental principles and, for audits and other assurance engagements, threats to independence. The Code also applies the fundamental principles and the conceptual framework to a range of facts and circumstances that accountants might encounter, whether in business or in public practice.

## Requirements and Application Material

- 100.5 A1 The requirements in the Code, designated with the letter “R,” impose obligations.
- 100.5 A2 Application material, designated with the letter “A,” provides context, explanations, suggestions for actions or matters to consider, illustrations and other guidance relevant to a proper understanding of the Code. In particular, the application material is intended to help a professional accountant to understand how to apply the conceptual framework to a particular set of circumstances and to understand and comply with a specific requirement. While such application material does not of itself impose a requirement, consideration of the material is necessary to the proper application of the requirements of the Code, including application of the conceptual framework.
- R100.6** A professional accountant shall comply with the Code.
- 100.6 A1 Upholding the fundamental principles and compliance with the specific requirements of the Code enable professional accountants to meet their responsibility to act in the public interest.
- 100.6 A2 Complying with the Code includes giving appropriate regard to the aim and intent of the specific requirements.
- 100.6 A3 Compliance with the requirements of the Code does not mean that professional accountants will have always met their responsibility to act in the public interest. There might be unusual or exceptional circumstances in which an accountant believes that complying with a requirement or requirements of the Code might not be in the public interest or would lead to a disproportionate outcome. In those circumstances, the accountant is encouraged to consult with an appropriate body such as a professional or regulatory body.
- 100.6 A4 In acting in the public interest, a professional accountant considers not only the preferences or requirements of an individual client or employing organization, but also the interests of other stakeholders when performing professional activities.
- R100.7** If there are circumstances where laws or regulations preclude a professional accountant from complying with certain parts of the Code, those laws and regulations prevail, and the accountant shall comply with all other parts of the Code.
- 100.7 A1 The principle of professional behavior requires a professional accountant to comply with relevant laws and regulations. Some jurisdictions might have provisions that differ from or go beyond those set out in the Code. Accountants in those jurisdictions need to be aware of those differences and comply with the more stringent provisions unless prohibited by law or regulation.

## **Breaches of the Code**

**R100.8** Paragraphs R400.80 to R400.89 and R900.50 to R900.55 address a breach of *International Independence Standards*. A professional accountant who identifies a breach of any other provision of the Code shall evaluate the significance of the breach and its impact on the accountant's ability to comply with the fundamental principles. The accountant shall also:

- (a) Take whatever actions might be available, as soon as possible, to address the consequences of the breach satisfactorily; and
- (b) Determine whether to report the breach to the relevant parties.

100.8 A1 Relevant parties to whom such a breach might be reported include those who might have been affected by it, ACCA or another professional or regulatory body or an oversight authority.



## **SECTION 110: THE FUNDAMENTAL PRINCIPLES**

### **General**

- 110.1 A1      There are five fundamental principles of ethics for professional accountants:
- (a) Integrity – to be straightforward and honest in all professional and business relationships.
  - (b) Objectivity – to exercise professional or business judgment without being compromised by:
    - (i) Bias;
    - (ii) Conflict of interest; or
    - (iii) Undue influence of, or undue reliance on, individuals, organizations, technology or other factors.
  - (c) Professional Competence and Due Care – to:
    - (i) Attain and maintain professional knowledge and skill at the level required to ensure that a client or employing organization receives competent professional service, based on current technical and professional standards and relevant legislation; and
    - (ii) Act diligently and in accordance with applicable technical and professional standards.
  - (d) Confidentiality – to respect the confidentiality of information acquired as a result of professional and business relationships.
  - (e) Professional Behavior – to:
    - (i) Comply with relevant laws and regulations;
    - (ii) Behave in a manner consistent with the profession’s responsibility to act in the public interest in all professional activities and business relationships; and
    - (iii) Avoid any conduct that the professional accountant knows or should know might discredit the profession.
- R110.2**      A professional accountant shall comply with each of the fundamental principles.
- 110.2 A1      The fundamental principles of ethics establish the standard of behavior expected of a professional accountant. The conceptual framework establishes the approach which an accountant is required to apply in complying with those fundamental principles. Subsections 111 to 115 set out requirements and application material related to each of the fundamental principles.

110.2 A2 A professional accountant might face a situation in which complying with one fundamental principle conflicts with complying with one or more other fundamental principles. In such a situation, the accountant might consider consulting, on an anonymous basis if necessary, with:

- Others within the firm or employing organization.
- Those charged with governance.
- ACCA or another professional body.
- A regulatory body.
- Legal counsel.

However, such consultation does not relieve the accountant from the responsibility to exercise professional judgment to resolve the conflict or, if necessary, and unless prohibited by law or regulation, disassociate from the matter creating the conflict.

110.2 A3 The professional accountant is encouraged to document the substance of the issue, the details of any discussions, the decisions made and the rationale for those decisions.

## **SUBSECTION 111 – INTEGRITY**

**R111.1** A professional accountant shall comply with the principle of integrity, which requires an accountant to be straightforward and honest in all professional and business relationships.

111.1 A1 Integrity involves fair dealing, truthfulness and having the strength of character to act appropriately, even when facing pressure to do otherwise or when doing so might create potential adverse personal or organizational consequences.

111.1 A2 Acting appropriately involves:

- (a) Standing one's ground when confronted by dilemmas and difficult situations; or
- (b) Challenging others as and when circumstances warrant, in a manner appropriate to the circumstances.

**R111.2** A professional accountant shall not knowingly be associated with reports, returns, communications or other information where the accountant believes that the information:

- (a) Contains a materially false or misleading statement;
- (b) Contains statements or information provided recklessly; or
- (c) Omits or obscures required information where such omission or obscurity would be misleading.

- 111.2 A1 If a professional accountant provides a modified report in respect of such a report, return, communication or other information, the accountant is not in breach of paragraph R111.2.
- R111.3** When a professional accountant becomes aware of having been associated with information described in paragraph R111.2, the accountant shall take steps to be disassociated from that information.

### **SUBSECTION 112 – OBJECTIVITY**

- R112.1** A professional accountant shall comply with the principle of objectivity, which requires an accountant to exercise professional or business judgment without being compromised by:
- (a) Bias;
  - (b) Conflict of interest; or
  - (c) Undue influence of, or undue reliance on, individuals, organizations, technology and other factors.
- R112.2** A professional accountant shall not undertake a professional activity if a circumstance or relationship unduly influences the accountant's professional judgment regarding that activity.

### **SUBSECTION 113 – PROFESSIONAL COMPETENCE AND DUE CARE**

- R113.1** A professional accountant shall comply with the principle of professional competence and due care, which requires an accountant to:
- (a) Attain and maintain professional knowledge and skill at the level required to ensure that a client or employing organization receives competent professional service, based on current technical and professional standards and relevant legislation; and
  - (b) Act diligently and in accordance with applicable technical and professional standards.
- 113.1 A1 Serving clients and employing organizations with professional competence requires the exercise of sound judgment in applying professional knowledge and skill when undertaking professional activities.
- 113.1 A2 Maintaining professional competence requires a continuing awareness and an understanding of relevant technical, professional, business and technology-related developments. Continuing professional development enables a professional accountant to develop and maintain the capabilities to perform competently within the professional environment.

- 113.1 A3 Diligence encompasses the responsibility to act in accordance with the requirements of an assignment, carefully, thoroughly and on a timely basis.
- R113.2** In complying with the principle of professional competence and due care, a professional accountant shall take reasonable steps to ensure that those working in a professional capacity under the accountant's authority have appropriate training and supervision.
- R113.3** Where appropriate, a professional accountant shall make clients, the employing organization, or other users of the accountant's professional services or activities, aware of the limitations inherent in the services or activities.

## **SUBSECTION 114 – CONFIDENTIALITY**

- R114.1** A professional accountant shall comply with the principle of confidentiality, which requires an accountant to respect the confidentiality of information acquired as a result of professional and business relationships. An accountant shall:
- (a) Be alert to the possibility of inadvertent disclosure, including in a social environment, and particularly to a close business associate or an immediate or a close family member;
  - (b) Maintain confidentiality of information within the firm or employing organization;
  - (c) Maintain confidentiality of information disclosed by a prospective client or employing organization;
  - (d) Not disclose confidential information acquired as a result of professional and business relationships outside the firm or employing organization without proper and specific authority, unless there is a legal or professional duty or right to disclose;
  - (e) Not use confidential information acquired as a result of professional and business relationships for the personal advantage of the accountant or for the advantage of a third party;
  - (f) Not use or disclose any confidential information, either acquired or received as a result of a professional or business relationship, after that relationship has ended; and
  - (g) Take reasonable steps to ensure that personnel under the accountant's control, and individuals from whom advice and assistance are obtained, respect the accountant's duty of confidentiality.
- 114.1 A1 Confidentiality serves the public interest because it facilitates the free flow of information from the professional accountant's client or employing

organization to the accountant in the knowledge that the information will not be disclosed to a third party. Nevertheless, the following are circumstances where professional accountants are or might be required to disclose confidential information or when such disclosure might be appropriate:

- (a) Disclosure is required by law, for example:
  - (i) Production of documents or other provision of evidence in the course of legal proceedings; or
  - (ii) Disclosure to the appropriate public authorities of infringements of the law that come to light;
- (b) Disclosure is permitted by law and is authorized by the client or the employing organization; and
- (c) There is a professional duty or right to disclose, when not prohibited by law:
  - (i) To comply with the quality review of ACCA or another professional body;
  - (ii) To respond to an inquiry or investigation by ACCA or another professional or regulatory body;
  - (iii) To protect the professional interests of a professional accountant in legal proceedings; or
  - (iv) To comply with technical and professional standards, including ethics requirements.

114.1 A2

In deciding whether to disclose confidential information, factors to consider, depending on the circumstances, include:

- Whether the interests of any parties, including third parties whose interests might be affected, could be harmed if the client or employing organization consents to the disclosure of information by the professional accountant.
- Whether all the relevant information is known and substantiated, to the extent practicable. Factors affecting the decision to disclose include:
  - Unsubstantiated facts.
  - Incomplete information.
  - Unsubstantiated conclusions.
- The proposed type of communication, and to whom it is addressed.
- Whether the parties to whom the communication is addressed are appropriate recipients.

- R114.2** A professional accountant shall continue to comply with the principle of confidentiality even after the end of the relationship between the accountant and a client or employing organization. When changing employment or acquiring a new client, the accountant is entitled to use prior experience but shall not use or disclose any confidential information acquired or received as a result of a professional or business relationship.

## **SUBSECTION 115 – PROFESSIONAL BEHAVIOR**

- R115.1** A professional accountant shall comply with the principle of professional behavior, which requires an accountant to:
- (a) Comply with relevant laws and regulations;
  - (b) Behave in a manner consistent with the profession's responsibility to act in the public interest in all professional activities and business relationships; and
  - (c) Avoid any conduct that the accountant knows or should know might discredit the profession.

A professional accountant shall not knowingly engage in any business, occupation or activity that impairs or might impair the integrity, objectivity or good reputation of the profession, and as a result would be incompatible with the fundamental principles.

- 115.1 A1 Conduct that might discredit the profession includes conduct that a reasonable and informed third party would be likely to conclude adversely affects the good reputation of the profession.

- R115.2** When undertaking marketing or promotional activities, a professional accountant shall not bring the profession into disrepute. A professional accountant shall be honest and truthful and shall not make:
- (a) Exaggerated claims for the services offered by, or the qualifications or experience of, the accountant; or
  - (b) Disparaging references or unsubstantiated comparisons to the work of others.

- 115.2 A1 If a professional accountant is in doubt about whether a form of advertising or marketing is appropriate, the accountant is encouraged to consult with ACCA.

- 115.3 *A professional accountant shall behave with courtesy and consideration towards all with whom the professional accountant comes into contact in a professional capacity.*