Step by step word processing exercises
Word processing exercises

The purpose of the following exercises is to help you practise the common functionality which is available in the word processing response area for the F5–F9 CBEs.

The exercises will take you through a set of examples, step by step, using some of the main pieces of functionality you are likely to need in the exams. The exercises have been based on a number of F8 style questions as this subject makes use of the word processing area for the majority of questions. The exercises do not assume any knowledge of this topic; instead they are designed for you to practise how to use the word processing response area. The principles can be applied when sitting any of the F5–F9 CBE exams.

**LEARNING OUTCOMES**
There are three exercises; over the course of completing them you will practise and gain skills in the following areas:

- Inputting text and carrying out basic formatting
- Inputting and formatting tables
- Interacting with pre-formatted response areas.
Exercise one

STEP 1
Open up the Constructed Response Workspace on ACCA’s website and select a blank word processing response area. It should look like this:

STEP 2
Type the following paragraphs into the word processing sheet:

Auditor's risk and its components
Auditor's risk is the risk that the auditor expresses an inappropriate audit opinion when the financial statements are materially misstated. Auditor's risk is a function of two main components being; the risks of material misstatement and detection risk.

Detection is the risk that the procedures performed by the auditor to reduce auditor's risk to an acceptably low level will not detect a misstatement which exists and which could be material, either individually or when aggregated with other misstatements. Detection risk is affected by sampling and non-sampling risk.

Risk of material misstatement is made up of two components; inherent risk and control risk. Inherent risk is the susceptibility of an assertion about a class of transaction, account balance or disclosure to a misstatement which could be material, either individually or when aggregated with other misstatements, before consideration of any related controls. Control risk is the risk that a misstatement which could occur in an assertion about a class of transaction, account balance or disclosure and which could be material, either individually or when aggregated with other misstatements, will not be prevented, or detected and corrected, on a timely basis by the entity's internal control.
FORMATTING EXERCISE

Let's do some formatting to improve the layout and content of the answer. If you are accustomed to using word processing packages have a go at making the following amendments. Otherwise step by step instructions are detailed below.

Exercise 1
You are required to carry out the following amendments:

1. Format the heading ‘Auditor’s Risk and its components’ to paragraph style ‘Heading 4’ and centre the heading
2. Using cut and paste, move paragraph two to the end of the document
3. Insert a heading above paragraph two – Risks of Material Misstatement – and make the heading bold and centre
4. Insert a heading above paragraph three – Detection Risk – and make the heading bold and centre
5. Insert bullet points to create a numbered list against risk of material misstatement and inherent risk in the first paragraph
6. Audit risk has been incorrectly referred to as auditor’s risk throughout, perform a ‘find and replace’ to correct this error
SOLUTION: STEP-BY-STEP GUIDE

1. To format the heading firstly you need to select the text you wish to format. Place your cursor at the end of the heading and highlight the text by left clicking and dragging until all of the heading is highlighted.

   Any formatting you select will now apply to all the selected text. Select the option in the toolbar marked ‘paragraph’ and select Heading 4.

   While the text is still highlighted select the ‘align center’ option from the tool bar.

   The image below demonstrates these stages.

2. To rearrange the paragraphs again select all the text in paragraph two by clicking and dragging until all the text is highlighted. Select the ‘cut’ option in the toolbar and the text will temporarily disappear. Now place your cursor under the final paragraph and click the place you now wish to paste the text. Select the ‘paste’ option in the toolbar and the text will now reappear in its new location. Use the enter/return key to create a line space between the previous paragraph and the paragraph you have just pasted.

   Alternatively you can use the keyboard commands to cut (CTRL + X) and paste (CTRL + V).

   If you want to copy (repeat) text you would use the ‘copy’ option or the keyboard command CTRL + C. Copying can be very useful where you are repeating headings in a table.

**KEY**

1. Paragraph
2. 
3. 
4. 
5. 

Risk of material misstatement is made up of two components; inherent risk and control risk.

Inherent risk is the susceptibility of an assertion about a class of transaction, account balance or disclosure to a misstatement which could be material, either individually or when aggregated with other misstatements, before consideration of any related controls. Control risk is the risk that a misstatement could occur in an assertion about a class of transaction, account balance or disclosure and which could be material, either individually or when aggregated with other misstatements.
Again these stages are represented in the images below.
3 To insert a new heading place your cursor at the start of paragraph two and type in Risk of Material Misstatement and press the enter/return key. Select the text you have just inserted by clicking and dragging as you did before and select the ‘Bold’ option on the toolbar. Again you can use the keyboard command to carry out this task (CTRL +B). As you did before while the text is still highlighted select the align center option from the toolbar.

4 Follow the steps above to insert the ‘Detection Risk’ Heading

5 To insert a numbered list as required by correction 3, place your cursor after the semi-colon in paragraph one – directly preceding ‘the risk of material misstatement’ and press the enter/return key to put this text on a new line. Choose the option on the toolbar to create a numbered list. This will enter the number 1 beside the text and also indent the text to make it stand out from the remaining paragraph. Now place your cursor immediately before ‘detection risk’ and press the enter/return key – this should automatically include this as the next item in the list.

KEY

6 B  7  8
6 To replace words that appear several times throughout the text the ‘find and replace’ function can be used to do this quickly and efficiently. In this instance you need to replace reference to ‘auditor’s risk’ with ‘audit risk’. To initiate the find and replace function click on the ‘binoculars’ icon. This can also be activated with the keyboard command CTRL + F. This will bring up the following box:

![Find and replace dialog box]

Type in the term you wish to find throughout the text and also what you wish to replace it with. Be careful here as although you want to replace ‘auditor’s’ with ‘audit’ you do not necessarily want to replace every instance of ‘auditor’s’ so make sure you search for the term in its entirety as shown:

![Find and replace dialog box with example settings]

**KEY**

- 9
Now click on find and the search function will find and highlight all instances of ‘auditors risk’ in the text.

If you are happy that all references highlighted should be replaced then click on ‘Replace all’ otherwise you can work through each by clicking on the ‘Prev’ and ‘Next’ buttons in the bottom corner.

In this example all references to ‘auditor’s risk’ should be replaced so select ‘replace all’. Note you may have to check upper and lower case requirements and correct the text where necessary.

Your final text should now look as follows and is a much clearer response than the block of text initially input:
FURTHER PRACTISE
Make sure that you select some other paragraphs, perhaps from the F8 past exams or paper specimen exam and practise typing in blocks of text and formatting as you have in this exercise.

INSERTING TABLES AND CALCULATIONS
Sometimes you may be required to perform and present some calculations in the word processing space rather than a spreadsheet. For example in F8 you may asked to calculate some ratios in advance of identifying and explaining audit risks. In order to allow you to see all of your responses at the same time you will be asked to present the ratio calculations in a word processing response area.

As such the following exercise has been based on a ratio calculation requirement from F8 but the focus is not on testing your knowledge in this area but instead to show you how you may be able to work through and present calculations in this way.

The question is detailed below:

Question

<table>
<thead>
<tr>
<th></th>
<th>DRAFT</th>
<th>ACTUAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>20X6</td>
<td>20X5</td>
</tr>
<tr>
<td>Revenue</td>
<td>$12.5 $m</td>
<td>$15.0 $m</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>(7.0)</td>
<td>(8.0)</td>
</tr>
<tr>
<td>Gross profit</td>
<td>5.5</td>
<td>7.0</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>(5.0)</td>
<td>(5.1)</td>
</tr>
<tr>
<td>Profit before interest and taxation</td>
<td>0.5</td>
<td>1.9</td>
</tr>
<tr>
<td>Inventory</td>
<td>1.9</td>
<td>1.4</td>
</tr>
<tr>
<td>Receivables</td>
<td>3.1</td>
<td>2.0</td>
</tr>
<tr>
<td>Cash</td>
<td>0.8</td>
<td>1.9</td>
</tr>
<tr>
<td>Trade payables</td>
<td>1.6</td>
<td>1.2</td>
</tr>
<tr>
<td>Loan</td>
<td>1.0</td>
<td>0</td>
</tr>
</tbody>
</table>

Calculate FIVE ratios, for both years, which would assist the auditor in planning the audit
Exercise two

**STEP 1**
Again open up the Constructed Response Workspace on ACCA’s website and select a blank word processing response area.

**STEP 2**
A good way to present your answer to this question would be to present the ratios in a table. So the first step is to insert a table into your answer space:

Click on the **table** icon on the tool bar and select the insert table option from the menu, move your cursor right to also select the format of your table, ie how many rows and columns are required.

For this question you have been asked to provide FIVE ratios for TWO years and therefore you will need at least SIX rows – five for the calculations plus space for headings and THREE columns – one for each year and one for the detail of the ratio.

So overall you want to insert a table that is 3 (Columns) by 6 (Rows). Note that the number columns are selected by moving right and the number of rows by moving down.

This is illustrated in the image below:

![Table Illustration](image-url)
STEP 3

Now you can populate the table with your headings and ratios

1. Add the following headings:
   - Ratio, 20X6 and 20X5, bold and centre the headings as you did in the previous exercise. Don’t worry about the width of the columns – they will automatically adjust according to the text that is inserted.

2. Insert the following ratio terms into the ratio column:
   - Gross margin, Inventory days, Receivables days, Payables days, Current ratio

Your answer space should now look as follows:

In many F8 questions you may not be required to show your workings and the ratio term and answer will be sufficient to obtain the ½ mark available but in many cases you will be required to show your workings. Let’s add another column to this table to show how you have arrived at each ratio.

3. Click on your table inside the cell containing ‘20X6’ and go back to the table icon, this time as you want to insert an additional column select the ‘column’ option from the menu. Move your cursor right to see detail of the available options, which include inserting and deleting columns, as illustrated below:
4. Insert a column before the 20X6 column and insert the heading 'Workings' and make the heading bold and centre as before:

```
<table>
<thead>
<tr>
<th>Ratio</th>
<th>Workings</th>
<th>20X6</th>
<th>20X5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross margin</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventory days</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receivables days</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payables days</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current ratio</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
```

The question requirement will appear here.

5. Now do the same and insert another 'Workings' column before the 20X5 column. You should now have the following complete table which you can now populate with your response.

```
<table>
<thead>
<tr>
<th>Ratio</th>
<th>Workings</th>
<th>20X6</th>
<th>20X5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross margin</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventory days</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receivables days</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payables days</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current ratio</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
```

The question requirement will appear here.

NB: the same steps can be followed for inserting and deleting rows by selecting the ‘rows’ option from the menu:

```
<table>
<thead>
<tr>
<th>Ratio</th>
<th>Workings</th>
<th>20X6</th>
<th>20X5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross margin</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventory days</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receivables days</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payables days</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current ratio</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
```

The question requirement will appear here.
Let’s now calculate and add in some of the ratios. As this is not a technical test the workings and answers are provided below.

6 Type the following into the relevant lines in the table:

- Gross margin 20X6 – GP/Revenue = 5.5m/12.5m = 44%
- Gross margin 20X5 = 7m/12.5m = 46.7%
- Receivables days 20X6 – Receivables/Revenue x 365 = 3.1m/12.5m x 365 = 91 days
- Receivables days 20X5 – 2.0m/15m x 365 = 49 days

Your response area should end up similar to the image below.

Remember that you can use the inbuilt calculator in the exam and if you set this to scientific mode you can carry out and see all stages of the receivables days calculation on the screen, as demonstrated above.

Your response area now contains some of the ratio calculations but the formatting is not ideal and some of the lines are a little hard to read. One of the easiest things to do here is to resize the table.
7 Click on your table to highlight it and you should now have an outer edge round your table with resizing squares at each corner as illustrated below.

<table>
<thead>
<tr>
<th>Ratio</th>
<th>Workings</th>
<th>20X6</th>
<th>Workings</th>
<th>20X5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross margin</td>
<td>GP/Revenue = 5.5/12.5</td>
<td>44%</td>
<td>7/15</td>
<td>46.7%</td>
</tr>
<tr>
<td>Inventory days</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receivables days</td>
<td>Receivables/Revenue x 365 = 3.1/12.5 x 365</td>
<td>91 days</td>
<td>2.0/15 x 365</td>
<td>49 days</td>
</tr>
<tr>
<td>Payables days</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current ratio</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Left click and hold on the square at the bottom left hand side (as indicated above) and drag the cursor to the right to extend the table. You can also drag the cursor right and down to extend the table in height and width.

Have a go at resizing the table until you find a presentation that you are happy with.

8 To make your answers stand out make your ratio calculations bold and centred.

Your response should look similar to the example given below and as you can see is a nice, clear and concise way to present a response to this question:

<table>
<thead>
<tr>
<th>Ratio</th>
<th>Workings</th>
<th>20X6</th>
<th>Workings</th>
<th>20X5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross margin</td>
<td>GP/Revenue = 5.5m/12.5m</td>
<td>44%</td>
<td>7m/15m</td>
<td>46.7%</td>
</tr>
<tr>
<td>Inventory days</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receivables days</td>
<td>Receivables/Revenue x 365 = 3.1m/12.5m x 365</td>
<td>91 days</td>
<td>2.0m/15m x 365</td>
<td>49 days</td>
</tr>
<tr>
<td>Payables days</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current ratio</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Have a go at populating and formatting the remainder of the table.

For quickness when completing the remainder of the table you may wish to copy and paste the detailed working that you have included in the ‘Receivables days’ for payables and inventory days and simply amend the text as relevant.
PRE-FORMATTED RESPONSE AREAS
On occasion you may be presented with a pre-formatted word processing response area and it is important that you are comfortable interacting with and using these. The final exercise in this guide is going to use one of these pre-formatted areas to pull together some of the skills you have already learned and to give you more opportunity to practise inputting and formatting your responses.

Open the constructed workspace again and this time use the navigator button to open the F8 Control Deficiencies word processing pre-format which should open a response space as follows:

<table>
<thead>
<tr>
<th>Control Deficiency</th>
<th>Control Recommendation</th>
<th>Test of Control</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**KEY**

12
Final exercise

These pre-formatted areas can be modified to be used for a variety of questions and this exercise will use a question that asks for control deficiencies and recommendations only.

1. Delete the last column headed ‘Test of Control’ using the instruction in Exercise Two (this time, use the table icon to delete a column).

2. Practise inputting the following text into the relevant, remaining areas of the table:

<table>
<thead>
<tr>
<th>CONTROL DEFICIENCY</th>
<th>CONTROL RECOMMENDATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>When raising purchase orders, the clerks choose whichever supplier can despatch the goods the fastest. This could result in Fox Co ordering goods at a much higher price or a lower quality than they would like, as the only factor considered was speed of delivery.</td>
<td>It is important that goods are despatched promptly, but this is just one of many criteria that should be used in deciding which supplier to use. An approved supplier list should be compiled and this should take into account the price of goods, their quality and also the speed of delivery. Once the list has been produced, all orders should only be placed with suppliers on the approved list.</td>
</tr>
<tr>
<td>Purchase orders are not sequentially numbered. Failing to sequentially number the orders means that Fox Co’s ordering team are unable to monitor if all orders are being fulfilled in a timely manner; this could result in stock outs. If the orders are numbered, then a sequence check can be performed for any unfulfilled orders Purchase orders below $5,000 are also not authorised and are processed solely by an order clerk. This can result in goods being purchased which are not required by Fox Co. In addition, there is an increased fraud risk as an order clerk could place orders for personal goods up to the value of $5,000, which is significant.</td>
<td>All purchase orders should be sequentially numbered and on a regular basis a sequence check of unfulfilled orders should be performed. All purchase orders should be authorised by a responsible official. Authorised signatories should be established with varying levels of purchase order authorisation.</td>
</tr>
<tr>
<td>Purchase invoices are input daily by the purchase ledger clerk and due to his experience, he does not utilise any application controls. Without application controls there is a risk that invoices could be input into the system with inaccuracies or they may be missed out entirely. This could result in suppliers being paid incorrectly or not at all, leading to a loss of supplier goodwill.</td>
<td>The purchase ledger clerk should input the invoices in batches and apply application controls, such as control totals, to ensure completeness and accuracy over the input of purchase invoices.</td>
</tr>
</tbody>
</table>
1. Highlight the text in the table by clicking and dragging as before and click on the `table` icon, and this time choose ‘cell’ from the menu, move your cursor right and select ‘cell properties’, as illustrated below:
The following box will appear:

![Cell properties dialog box](image)

In order to tidy up the text set the vertical alignment of the cells so that all text starts at the top of each box in the table. From the ‘V align’ menu select Top as you can see from the image below:

![Cell properties dialog box](image)

Click ok and you will now see that the text in the table is much clearer and more consistently aligned:
The text that you input in bold is in the wrong place. This is a separate answer point which should have its own row in the table.

Place your cursor in the cell containing the bold text and `insert row after` using the table icon as you have done previously.

Highlight the bold text and cut and paste into the empty row, do this for the text in the `Control Deficiency` column first and then the text on the `Control Recommendation` column. Remember you can either use the tool bar icons or you can use the keyboard commands `CTRL + X` and `CTRL + V`.

Unbolden the text.

You should now have two separate points and the previous formatting that you set to align the text to the top of the cells will have been maintained.

| Purchase orders are not sequentially numbered. | All purchase orders should be sequentially numbered and on a regular basis a sequence check of unfulfilled orders should be performed. |
| Purchase orders below $5,000 are also not authorised and are processed solely by an order clerk. | All purchase orders should be authorised by a responsible official. |
| This can result in goods being purchased which are not required by Fox Co. In addition, there is an increased fraud risk as an order clerk could place orders for personal goods up to the value of $5,000, which is significant. | Authorised signatories should be established with varying levels of purchase order authorisation. |
Further advice

To build your confidence when using the word processing answer spaces, you should take every chance to use them as you prepare for your exams. Please continue to use the Constructed Response Workspace to practise questions from the revision question and answer banks published by our Approved Content Providers or any other study materials. This will help you to become very familiar with the functionality illustrated in this exercise. Going into your exam with the experience of using the Workspace to answer questions will build your confidence and you will be able to utilise all this functionality to produce your answers efficiently.

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