

F8 BEST ANSWER TEST - QUESTIONS

Often in F8, candidates know the answers to the questions, but fail to deliver them properly because they do not address the question requirements accurately, do not go into enough detail, use the wrong style, answer too superficially or pay insufficient attention to the scenario or mess up time allocation.

The following six questions focus on getting you to identify better approaches.

- 1. A question on the purchases system has asked you to describe and explain the purpose of the procedures that should be applied to a supplier's invoice when received. Which of the following extracts from an answer is best?**
 - A** The invoice should be checked to the goods received note (GRN) and the GRN should be checked to the invoice.
 - B** Details on the invoice should be compared to details on the GRN, then invoices should be entered into a purchases day book before posting to the supplier's account.
 - C** Each invoice should be matched with and compared to a GRN to ensure that the goods being invoiced have been received.
 - D** Invoices should be attached to related GRNs and then credited to the supplier's account in the payables ledger.
- 2. Part of a question is worth 6 marks. About how long should you spend on it?**
 - A** 6 minutes
 - B** 10 minutes
 - C** 15 minutes
 - D** 20 minutes
- 3. In a question asking you to describe and explain the stages of a credit sales transaction, which style of answer is most suitable?**
 - A** Short paragraphs, with one paragraph dedicated to each stage. Each paragraph will have around two sentences
 - B** Short bullet point answers, with each bullet point consisting of around three to five words. This allows you to cover a lot of points very efficiently
 - C** One paragraph for the whole answer, because it's all to do with a credit sales transaction.
- 4. A question has a short scenario explaining that the audit client is a firm of retail jewellers. What is the likely purpose of that information?**
 - A** It is probably of little purpose or relevance other than to add variety and interest to questions.
 - B** It means that lots of checking will be possible.
 - C** It means that we might be able to acquire a piece of jewellery at a discount
 - D** It means that inventory (small, high value) and cash (retail business) are high risk areas and this could be relevant answering the question.

5. You are performing an analytical review on some items in the income statement. Last period's telephone expense was \$1,500 and this period's is \$2,500. Which one of the following is the most satisfactory potential explanation of this increase?
- A More telephone calls were made this period than last
 - B Staff spent longer on the phone this period than last
 - C The client has more overseas customers this period than last
 - D The client's sales have decreased so more time was spent on the phone trying to get orders
6. A question on the wages system has asked you to describe and explain the purpose of the audit tests that you would carry out on overtime authorisations. Which of the following extracts from an answer is best?
- A I would check that all time sheets had been authorised to ensure that overtime payments had been properly approved.
 - B I would check that all time sheets had been authorised by the employee's manager.
 - C I would check that all time sheets had been authorised by the employee's manager to ensure that overtime payments had been properly approved.
 - D I would check that all time sheets had been authorised by the employee's manager before being submitted to the wages department where the time sheet would be checked before the wages are calculated.

F8 BEST ANSWER TEST - ANSWERS**1. C**

- A What does 'checked' mean? Perhaps colours are being compared!
- B Does not attempt to explain the purpose of the test. The question explain purpose of any test or procedure. The question specified "...describe and explain the purpose of the procedures..."
- D As B

2. B

There are 100 marks and 180 minutes for the exam, so 1.8 minutes per mark. 6 marks is worth $6 \times 1.8 = 10.8$ minutes. Budget for 10 minutes to leave a little bit of spare time for later. Remember, if you spend too long on one question you must spend too little on another.

3. A

You are asked to "...describe and explain the stages..." Short bullet points are inappropriate for this task (not enough detail). One paragraph for the whole answer is difficult to mark (and poor writing style) as the stages have to be dissected out.

4. D

- A Assume that nothing in a question is there without a carefully thought-out purpose. Be suspicious! Be very suspicious.
- B Not more checking! If I hear more about checking I'll check that the window can be opened and check that gravity is still working!
- C Tut tut! A little bit of self-interest coming to the fore?

5. C

- A and B. Almost certainly one or both of these would lead to an increase in the telephone bills, but we need to know 'Why' more or longer calls were made. It is not adding much to our knowledge simply getting the result we expect ie that more calls mean higher costs.
- C That could be a good cause of the increase – and we would need to verify that the explanation is consistent with other information we have about sales.
- D Not very convincing. Might just be a viable explanation, but rather the opposite to what we would expect i.e. more sales mean more calls.

6. C

- A How authorised? Detail needed otherwise the employees might be authorising their own time sheets.
- B Why? What is the purpose of the test.
- D Why? What is the purpose of the test. What is being checked?