

## **AWARD IN ENGLISH FOR ACCOUNTING**

### **LEVEL 3**

**TIME ALLOWED: 50 MINUTES**

#### **You need**

- This test paper
- An answer sheet
- An HB pencil
- An eraser.

**You may NOT use a dictionary**

---

**Do NOT open this paper until you are told to do so by the supervisor.**

**There are 40 questions in this paper**

**Total marks available: 40  
Try to answer ALL the questions**

---

#### **INSTRUCTIONS**

- Make sure your personal details are entered correctly on the candidate answer sheet
- Read the instructions for each set of questions carefully and choose the correct answer – A, B, C or D
- Enter your answers on the candidate answer sheet using an HB pencil
- Make sure you only mark **one** answer for each question and that you completely fill the circle
- If you make a mistake, make sure you erase it completely
- Only complete as many answers as there are questions
- At the end of the test hand the question paper, your answer sheet and all notes to the supervisor.

## Level 3 Award in English for Accounting

### Sample Paper 1

#### Choose the correct word to fill in the gap.

1. Stock is to be recorded at the \_\_\_\_\_ net realisable value at the time of foreclosure.
  - A. speculated
  - B. conjectured
  - C. guessed
  - D. estimated
  
2. This includes cash and other monetary assets \_\_\_\_\_ by the entity.
  - A. held
  - B. grasped
  - C. gripped
  - D. embraced
  
3. The auditors believe that the data in the report is \_\_\_\_\_ and complete.
  - A. constant
  - B. committed
  - C. reliable
  - D. persistent
  
4. An entity shall apply that amendment for annual accounting \_\_\_\_\_ beginning on or after 10 June.
  - A. phases
  - B. instalments
  - C. interludes
  - D. periods
  
5. The programme manager may decide to \_\_\_\_\_ funds to other groups if not satisfied with the organisation's performance.
  - A. rearrange
  - B. reorganise
  - C. restructure
  - D. reallocate
  
6. The effects of taxes on income need to be recognised and disclosed in accordance \_\_\_\_\_ paragraph 12.
  - A. of
  - B. in
  - C. with
  - D. as
  
7. \_\_\_\_\_ for calculating the accrual adjustment can be found in the attached notes.
  - A. Direction
  - B. Guidance
  - C. Assistance
  - D. Supervision

8. This section outlines the nature of liabilities not covered \_\_\_\_\_ budgetary resources.
- A. in
  - B. with
  - C. by
  - D. for
9. The Balance Sheets of the two companies \_\_\_\_\_ the close of business on 31 December 2011 are on the next page.
- A. by
  - B. at
  - C. in
  - D. on
10. Each piece of equipment, with a cost that is significant in relation \_\_\_\_\_ the total cost of the equipment, shall be depreciated separately.
- A. with
  - B. of
  - C. to
  - D. into

**Each of the following sentences contains FOUR underlined words. Identify which ONE of these words is incorrectly formed.**

11. The external (A) auditor may make observings (B) with respect to the efficiency (C) of the financial procedures (D).
12. Agencies (A) are required to reconcile (B) intra-governmental balances and transactings (C) at least quarterly (D).
13. The final accounts shall be submitted (A) to the external (B) auditor not later than 31 March following (C) the end of the financial period to which they relately (D).
14. The audit shall be conduced (A) in accordance (B) with the additional terms of reference (C) set out in the appendix to these regulations (D).
15. Contingent (A) Liability is normally defined (B) as the liability arising (C) from a past transaction or a subsequel (D) event.
16. External (A) Reporting means reporting to shareholders (B) and the public (C), as opposed to internal reporting which is designed to informate (D) management.

**Read the text. Then choose the correct answer.**

The CFO shall submit the final accounts for each financial period, and the external auditor's reports thereon, to the Governing Body before 1 May of the year following the close of that period.

17. The external auditor's report covers the
- A. CFO
  - B. accounts of the previous year
  - C. accounts of the current year
  - D. governing body's accounts

All insurance programs, other than social insurance and life insurance, shall report risk-assumed information.

18. Life insurance programs
- A. do not need to report risk-assumed information.
  - B. do need to report risk-assumed information.
  - C. might need to report risk-assumed information.
  - D. could report risk-assumed information.

When the reporting dates of the parent and a subsidiary are different, the subsidiary is to prepare, for consolidation purposes, additional financial statements as at the same date as the financial statements of the parent.

19. In this case the subsidiary is required to prepare
- A. one set of financial statements, to coincide with the parent's reporting date.
  - B. one set of financial statements, at a different reporting date to that of the parent's reporting date.
  - C. two sets of financial statements, both to coincide with the parent's reporting date.
  - D. two sets of financial statements, one of which is to coincide with the parent's reporting date.

Errors in figures in the trading and profit & loss account will affect the calculation of profits. In contrast, errors in figures in the balance sheet will not.

20. The calculation of profits will be incorrect if there are
- A. errors in the balance sheet.
  - B. errors in both the balance sheet, and the trading and profit & loss account.
  - C. no errors in the balance sheet.
  - D. no errors in the trading and profit & loss account.

The market value of investments in a group is calculated by the market price of securities of that group at the financial reporting date, multiplied by the number of notes or bonds held at the financial reporting date.

21. This can be summarised as follows (where A = Market Value of investments, B = Market price of securities, and C=Number of notes or Bonds).
- A.  $A=B \text{ times } C$
  - B.  $B=C \text{ divided by } A$
  - C.  $C=A \text{ times } B$
  - D.  $A=B \text{ divided by } C$

Where a payment or receipt of cash involves a discount, this is noted in the three-column cash book during the month and transferred to the respective discount accounts as a total at the end of the month.

22. If payments involve discounts,
- A. each individual amount is transferred separately to the discount account.
  - B. each individual amount is included in the total amount transferred during the month.
  - C. the amounts are added together and transferred to the discount account every month.
  - D. the amounts are added to the three column cash book at the end of the month.

**How many words are incorrectly spelled in the following texts.**

23. The accounts of Schneeman PLC for the last financial year continue to show an upward trend. The year end balance sheet shows that the reorganisation undertaken by the new management has been effective. Although the share price has remained stable the board has decided to increase the dividend by €1 to €11 per share. While market conditions are unpredictable the company remains a safe investment, although investors should keep a close eye on cash flow for the next quarter.
- A. 4  
B. 5  
C. 6  
D. 7
24. Leesa CEO Carsten Schmidt announced today that the company has decided to write off debts incurred during its Haichen Metro project. He said:  
"After discussions with all members of our consortium we have agreed to cancel a number of unpaid invoices rather than take legal action." Sources at Leesa reported off the record that debtors had threatened to reveal details of several compliance irregularities that would have led to Leesa being suspended from the New York Stock Exchange.
- A. 3  
B. 4  
C. 5  
D. 6
25. I am writing in response to your letter of 23 March, in which you requested a reference for James Barrett. I have known Mr Barrett for the three years he was employed as an accounts assistant in my firm. During this time Mr Barrett proved to be a reliable and conscientious accountant who contributed fully to our successful relationships with clients. He was responsible for a number of key accounts which he looked after accurately and on time, and he assisted the auditing team on several occasions. I am sorry that he has decided to leave the company, but I understand and support his reasons for doing so.
- A. 3  
B. 4  
C. 5  
D. 6

**Choose the correct form of the word to fill in the gap.**

26. At the end of the financial year, the total on the bad debts account is \_\_\_\_\_ to the profit & loss account.
- A. transfer  
B. transferred  
C. to transfer  
D. transferring
27. Purchases and sales of stock should be \_\_\_\_\_ in separate accounts.
- A. recording  
B. record  
C. recorded  
D. records

28. At the end of the period, the total of each discount column in the cash book will be posted to the \_\_\_\_\_ expense account in the general ledger.
- A. appropriate
  - B. appropriately
  - C. inappropriate
  - D. appropriation
29. Revenues are the amounts a business earns from the \_\_\_\_\_ of its goods and services.
- A. seller
  - B. sale
  - C. sold
  - D. sell

**Which of these words is closest in meaning to the underlined word in the sentence.**

30. As the main aim of a business is to make a profit, it is unlikely that goods will be sold at the same price they were bought for.
- A. improbable
  - B. impossible
  - C. impractical
  - D. unreasonable
31. Cost of the property at the date of acquisition was \$75000.
- A. achievement
  - B. realisation
  - C. purchase
  - D. attaining
32. The difference between the carried forward amount of 300 and the tax base of 120 is a taxable temporary difference of 180.
- A. impermanent
  - B. short
  - C. partial
  - D. limited
33. The provisional final accounts for the year ended 31 December 2010 showed a net profit of £13,245.
- A. interim
  - B. temporary
  - C. conditional
  - D. qualified

**Which word best matches the definition?**

34. The net financial assets of a company.
- A. stock
  - B. capital
  - C. provision
  - D. bank statements

35. An event recorded in the ledger.
- A. procedure
  - B. process
  - C. operation
  - D. transaction
36. A company in the UK which is listed on the Stock Exchange.
- A. private limited company
  - B. public limited company
  - C. limited liability company
  - D. compound liability company
37. When a fixed asset (e.g. a piece of machinery) loses value.
- A. decline
  - B. reduction
  - C. depreciation
  - D. downgrade
38. A company which belongs to another company.
- A. limited
  - B. public
  - C. auxiliary
  - D. subsidiary
39. A sum of money lent by an individual to a company or government at a fixed interest rate and for a fixed term.
- A. bond
  - B. mortgage
  - C. borrowings
  - D. cash
40. The value of intangible assets such as a strong brand name, patents or know-how.
- A. goodwill
  - B. reputation
  - C. loyalty
  - D. esteem