

THE TRAINING PLACE OF EXCELLENCE
Working Effectively in Accounting and Finance

Sample Questions

1. Understand the accounting or payroll function within an organisation

1.1 Susan, a manager, has been provided with a payroll report she requested from the payroll function. She wanted the report in order to process the wages payments at the end of the month but she also needed it to assess whether sufficient funds in the business current account were available to ensure the payments went through without incurring bank charges. Bill, the payroll clerk, knew the manager wanted the report so he took a very long time putting it together making sure all the information needed was included and everything on the report was absolutely correct. However, due to his careful approach the report has only just been passed to Susan and there is only one day left before the scheduled date for wages payments.

Which of the following qualities is the report likely to have?

Complete	✓
Timely	
Accurate	

1.2 Accounting and finance are different functions, but they are closely linked. You are to complete the table below, indicating with a tick whether each of the listed activities is most closely related to accounting or to finance.

	Accounting	Finance
Obtaining a bank loan for business expansion		
Processing the VAT Return		
Writing up the cash book		
Arranging the leasing of company cars		
Drawing up a bank reconciliation statement		

1.3 Management accounting and financial accounting are different functions within an Accounting Department. You are to complete the table below, indicating with a tick whether each of the listed activities is most closely related to management accounting or to financial accounting.

	Management Accounting	Financial Accounting
Drawing up budgets		
Producing the trial balance		
Calculating the costs of producing a product		
Financial planning for the future		
Managing the accounts of trade receivables		

1.4 Which of the following might be typical tasks involved in payroll?

- The calculation of gross pay
- Purchasing supplies
- The calculation of tax, National Insurance and other deductions
- Preparing payslips
- Bank reconciliations
- Paying cash into the bank
- Making up wages, or preparing data for direct credit (BACS)
- Writing cheques
- Distributing payslips to employees

1.4 An external auditor is:

(a) An inspector employed by HM Revenue & Customs who checks the accounts of a business	✓
(b) An independent accountant appointed by a business who checks the accounts of that business	
(c) An employee in the Accounts Department of a business who checks the accounts of that business	
(d) An employee of the local Environmental Health Department who checks the noise levels in the workplace	

1.5 The three people listed in the left-hand column of the table below work for Mellstock Limited:

Fiona Robin (Finance Director)	
Don Everdene (Payroll Line Manager)	
David Barry (Sales Ledger Assistant)	

Enter in the right-hand column the person to whom they are most likely to report on a routine basis. Choose this person from the following list:
 Costing Line Manager, Managing Director, Accounts Manager, Accounts Line Manager, Sales Manager.

1.6 An organisation employs three directors, two managers and four assistants.

The managing director is the only director with a personal assistant (PA).

Show who the general ledger assistant, sales manager and payroll assistant, would report to by drawing lines between the employee and line manager.

General Ledger Assistant

Sales Manager

Payroll Assistants

Finance Director

Managing Director's PA

Managing Director

Accounting Department Manager

Sales Director

Efficiency and regulation in the workplace

1.8 Which two of the following are elements of efficiency?

- Providing a service at the least possible cost
- Minimum wastage
- Paying the minimum wage to employees
- Achieving objectives with minimum use of resources

1.7 Maintaining the solvency of an organisation means:

(a) Keeping cash on the premises under lock and key at all time	✓
(b) The organisation being able to pay debts when they are due	
(c) Ensuring that the organisation always has an overdraft at the bank	
(d) Ensuring that all internal disputes are resolved at the appropriate level	

1.8 Identify which of the following actions will help the solvency of a business which purchases and sells on credit terms.

(a) Chasing up late payments due from customers	✓
(b) Completing the VAT Return on time to avoid a fine	
(c) Paying employee wages direct to the bank by BACS rather than in cash	
(d) Giving customers a longer credit period in which to pay their invoices	
(e) Paying money received from customers into the bank promptly	
(f) Settling up invoices from suppliers as quickly as possible	
(g) Negotiating long credit terms with suppliers	

1.9 Which **two** of the following policies and procedures are most likely to be relevant to the accounting function?

(a) Quality control in production	✓
(b) Employee code of conduct	
(c) Energy saving instructions and guidance	
(d) Guidance for lifting of heavy packages	

1.10 UK legislation affects the working conditions and methods.

You are to complete the spaces in the text below with the following laws and regulations.

Working Time Regulations

Health & Safety at Work Act

Minimum Wage

Data Protection Act

Employers are bound by the _____ which ensures that the workplace is a safe place in which to work. The _____ also affect employers and set down restrictions on the hours that employees will be expected to work.

The _____ protects employees by setting out the lowest amounts employers are allowed to pay their employees. Confidentiality is important in the workplace and this principle is supported in law by the _____.

1.11 Complete the following sentences regarding the security of computerised accounting data by selecting the most appropriate word(s) from the pick list.

Data on computer server is _____ daily.

_____ containing both letters and numbers are required to access accounting systems

All computers are installed with up to date _____.

Pick list

Filed

Access

Passwords

Programmes

Backed up

Anti-virus software

2. Demonstrate a range of effective communication skills

2.1 Round the following figures to the nearest whole number:

(a) 175.5

(b) 175.4

(c) 175.764

(d) 175.991

(e) 175.534

(f) 174.534

2.2 Round the following figures to two decimal places

- (a) 31.455
- (b) 31.445
- (c) 31.437
- (d) 97.7652
- (e) 97.7399
- (f) 97.7091

2.3 You are helping to organise a marketing event for a new product. 240 individual invitations have been sent out to customers to attend the launch. For the 240 invitations that were sent out, there were 180 acceptances, but only 120 guests turned up to the event.

You are to work out the following in terms of a percentage, ratio or fraction of the number of people invited. Percentages should be worked out to the nearest whole number.

- (a) the number of people who came as a fraction of the people invited
- (b) the number of people who came as a percentage of the people invited
- (c) the ratio of people who came to those who stayed away
- (d) the number of people who came as a fraction of the people who accepted the invitation
- (e) the number of people who came as a percentage of the people who accepted the invitation

2.3 You are given six receipts to enter into the accounting records. They are till receipts from shops for goods purchased and include the amount paid but they do not show the VAT amount.

You are to calculate the VAT content and enter the VAT figure and the net amount (before VAT) in the table below.

The VAT rate applicable is 20%.

Amount on receipt £	VAT amount £	Net amount £
(a) 36.00		
(b) 102.00		
(c) 10.74		
(d) 21.48		
(e) 11.40		
(f) 378.00		

2.4 You are involved in issuing invoices to customers to whom you allow settlement discount at 5%.

The amounts in the left-hand column are the invoice totals after the deduction of trade discount but before the calculation of VAT at 20% and any adjustment for settlement discount. VAT should be rounded down to the nearest pence.

(a) You are to enter the VAT amount – after adjustment for settlement discount – in the table below.

Amount (£)	VAT charged (£)
(1) 1,250.00	
(2) 495.20	
(3) 845.60	
(4) 45,923.00	
(5) 12.00	

(b) You are to complete the table below with the total invoice amounts that would be paid:

- within the early settlement period
- outside the early settlement period (later settlement)

Early settlement invoice total (£)	Later settlement invoice total (£)
(1)	
(2)	
(3)	
(4)	
(5)	

2.5 'Its' or 'It's'? These words often get mixed up. You are to study the four sentences below and tick the **two** correct uses of the words. ✓

(a) Its time to watch TV	
(b) It's time to do some revision	
(c) I love coffee; it's aroma makes me think of dark rich chocolate	
(d) I love coffee; its aroma makes me think of dark rich chocolate	

2.6 'Too' or 'to' or 'two'? These words often get mixed up. You are to study the four sentences below and tick the **two** correct uses of the words ✓

(a) To study accounting is too difficult and learning to drive is too	
(b) To study accounting is to difficult and learning to drive is too	
(c) To lose one set of keys is bad luck but to lose two sets of keys is a disaster	
(d) To lose one set of keys is bad luck but too lose to sets of keys is a disaster	

2.7 'There' or 'their' or 'they're'? These words often get mixed up. You are to study the five sentences below and tick the **two** correct options ✓

(a) Their is no point worrying about their chances of winning their game	
(b) There is no point worrying about their chances of winning their game	
(c) There seems to be some misunderstanding whether they're eligible or not	
(d) They're seems to be some misunderstanding whether they're eligible or not	
(e) Their seems to be some misunderstanding whether there eligible or not	

2.8 What would be the most appropriate method of communication in each of the following circumstances? Choose from the pick list below. ✓

a. Explaining to a customer that a cash discount that has been deducted was not valid, as the invoice was not paid within the discount period	
b. Requesting customer balances from a colleague in the sales ledger department	
c. Providing negative feedback to a colleague on the quality of their work	
d. A formal complaint to a supplier regarding the delivery times of goods, which are not as agreed	
e. Information to be provided to the sales director regarding the breakdown of sales geographically for the last two years	

Pick List

- Email
- Telephone
- Letter
- Face to Face discussion

2.9 A junior colleague shows you a draft of an email to the Purchasing Director of a company which has recently expressed an interest in your products. He asks you to identify any words or phrase you think are inappropriate. The draft appears as follow.

To: hgwells@retail.com
 From: acdoyle@southfield.co.uk
 Date: [Todays Date]
 Subject: Your recent enquiry
 Attachment: Sales brochure.pdf

Hi, Hugh.
 Thanks for your msg re our products. Its cool that you were able to come and see our display at the Home Entertainment Trade Fair. More than happy to help with further info.
 Our company's one of the best field and our product's have recently one an award as Retail Product of the year.
 I've attached a brochure what details our full product range, it includes prices and terms of trade. Having received it, i will contact you to see if you'd like to place an order.
 In the meantime, me and the sales team are available to answer any questions you may have, it'd be gr8 to hear from you.
 Cheers
 Arthur

- (a) Underline any inappropriate words or phrases in the email.
- (b) Re-draft the email and make a note of how you would explain your changes to Arthur, to help him improve his communication skills.

2.10 The business you work for ordered five laptop computers with a list price of £500 each (order ref NCA124). During a phone conversation on 1 May 20X4 you were promised a 5% bulk discount by an account manager at the supplier (Bell Computers) if you purchased five or more laptops. The account manager at the suppliers is called Bills Fences.

The laptops arrived today (20 May 20X4) and so did the invoice from the supplier (invoice number LT241). The invoice shoes the total value of the computers to be £2500 and the 5% discount had not been deducted. You have tried phoning Bill but he is out of the office today.

You are on holiday for the rest of the week and are not going to be able to deal with this so your supervisor Hugh Martin has asked you send him a short memo explain what happened with any photocopies of related documents attached . he will then contact the supplier to ask for a credit note and a new invoice.

Complete the memo below by selecting the appropriate option from the appropriate picklist, or entering the appropriate reference or number. A dropdown icon indicates there is picklist available and each picklist is numbered. (if there is no dropdown icon you must simply enter the reference/number.)

MEMO

To: **(1)** _____

From: Anne Accountant, Accountant

Date: **(2)** _____

Subject: Bell computers: **(3)** _____ for laptops

On **(4)** _____ an order (reference _____) was placed for five laptops computers which have a list price of £ _____ each. On the same day **(5)** _____ an account manager at Bell, agreed we would receive a 5% bulk discount because the order was for five or more computers. I enclose my note my note from the phone call (including contact details for the account manager) and a copy of the order for your information.

We received invoice (reference _____) for the computers today which shows that total cost of the laptops to be _____. Therefore the anticipated discount of £ _____ has not been applied and we should request that Bell send us a credit note for the original invoice and re-issue a new invoice with the discount applied.

Many thanks for dealing with this.
Anne

Enc: Copies of the order and invoice
Notes of phone call on 1 May 20X4

Pick list

- (1) Hugh Martin, Accounts supervisor / Bills Fences, Account Manager
- (2) 1 May 20X4 / 20 May 20X4 / 31 May20X4
- (3) UnderCharge / Overcharge
- (4) 1 May 20X4 / 20 May 20X4 / 31 May20X4
- (5) Hugh Martin / Bill Fences

2.11 You are writing an email to the Finance Manager of a customer of your business. His name is Antonio Gelato and you are setting up a meeting between him and your own Finance Manager. It would be best to sign off the email with the following wording:

(a) Yours faithfully	<input checked="" type="checkbox"/>
(b) Regards	<input type="checkbox"/>
(c) C U soon	<input type="checkbox"/>

Tick the most appropriate option.