

# ACCA Practice Test Questions and Answers

## 1. What is 'residual risk'?

- A) The risk before any controls are applied
- B) The risk remaining after controls and mitigating actions have been implemented
- C) The portion of risk transferred to an insurer
- D) Risk that is accepted without any action

## 2. In the context of audit risk, what is 'detection risk'?

- A) The risk that the entity's internal controls will fail to prevent or detect a material misstatement.
- B) The susceptibility of an assertion to a misstatement that could be material, before consideration of any related controls.
- C) The risk that the financial statements are materially misstated prior to the audit.
- D) The risk that the auditor's procedures will not detect a material misstatement that exists.

## 3. Which of the following best describes 'operational risk'?

- A) Risk from adverse movements in market prices
- B) Risk of loss from inadequate or failed internal processes, people, systems, or external events
- C) Risk that a business strategy will fail to generate expected returns
- D) Risk arising from changes in interest rates

## 4. Which of the following describes a job evaluation's goal?

- A) Demonstrating compliance with equal pay legislation
- B) Identifying individuals' training and development needs
- C) Evaluating the organization's recruitment and selection procedures
- D) Improving upward communication

**Answers: 1-B 2-D 3-B 4-A**

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