

Word Processing: Practice 1

1. Open a new document of Microsoft Word and paste the following text:

Auditor's risk and its components.

John Doe

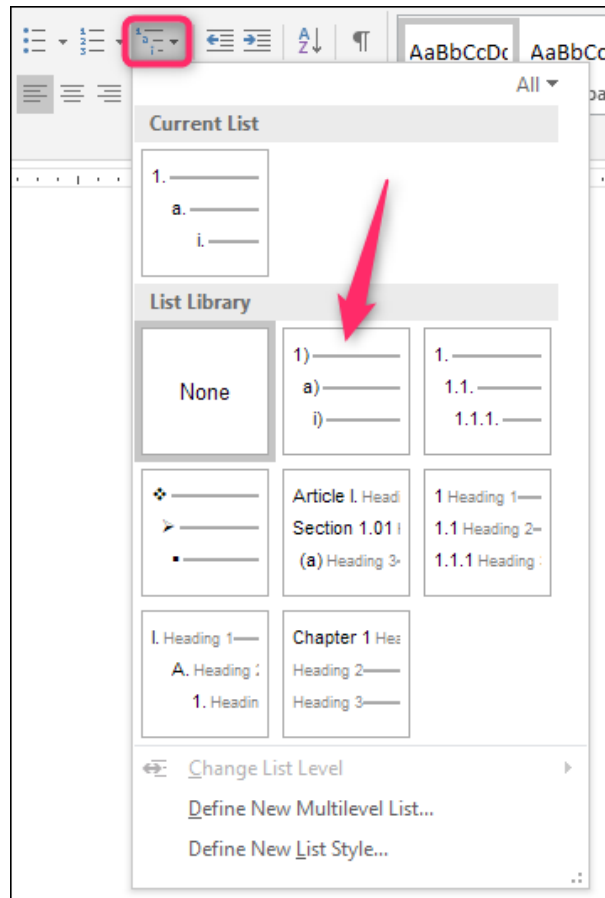
Auditor's risk is the risk that the auditor expresses an inappropriate audit opinion when the financial statements are materially misstated. Auditor's risk is a function of two main components being; the risks of material misstatement and detection risk.

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.

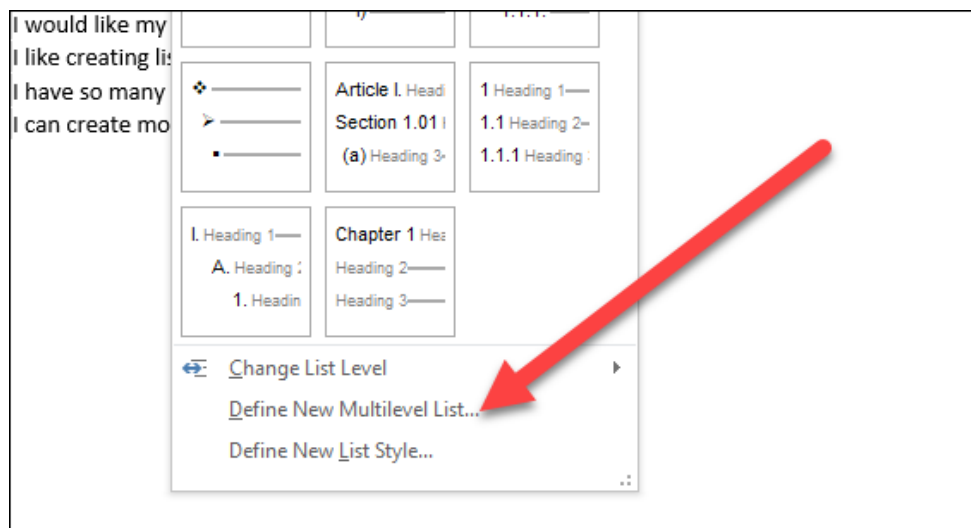
Risk of material misstatement is made up of two components; inherent risk and control risk. Inherent risk is the susceptibility of an assertion about a class of transaction, account balance or disclosure to a misstatement which could be material, either individually or when aggregated with other misstatements, 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.

2. Let's do some formatting to improve the layout and content of the answer:
 - a. Format the heading 'Auditor's Risk and its components' to paragraph style 'Heading 4' and centre the heading
 - b. Bold the author's name.
 - c. Italicize the main text.
 - d. Increase the font size to 14.
 - e. Change the font style and colour to (your choice!).
 - f. Adjust the line spacing to 2.0 (double space).
 - g. Using cut and paste, move paragraph two to the end of the document
 - h. Insert a heading above paragraph two – Risks of Material Misstatement – and make the heading bold and centre
 - i. Insert a heading above paragraph three – Detection Risk – and make the heading bold and centre
 - j. Insert bullet points to create a numbered list against risk of material misstatement and inherent risk in the first paragraph
 - k. Audit risk has been incorrectly referred to as auditor's risk throughout, perform a 'find and replace' to correct this error – use **Ctrl+h shortcut**
 - a. Use Save As to save your document to the hard drive and name the document with "Word Exercise 1" + your First and Second Name.

3. Add a multilevel numbered list below the text with:
your top three favourite actors,
three books and
three favourite musicians or bands (or movie stars, etc.).



You can define your own multileveled list:



4. Save your work.