

科目：審計學

系所組：會計學系碩士班

請應試考生注意：

1. 未在彌封答案卷內作答者，不予計分。
2. 選擇題未按作答格式(範例)作答者，扣該科總分10分。

選擇題作答格式(範例)：

1.a	2.a	3.b	4.b	5.c
6.a	7.a	8.d	9.c	10.c
11.a	12.a	13.d	14.a	15.d
16.a	17.c	18.e	19.b	20.d

請依照上述範列之格式，以橫式書寫方式將全部答案寫在彌封答案卷第1頁，答案字母請用正楷小寫(a, b, c, d, e)。

I. Multiple-choice questions (60 points in total; 2 points for each.)

1. In the opinion paragraph of the standard audit report, the phrase “in our opinion,” really means:
 - a. “we certify...”
 - b. “we guarantee...”
 - c. “we are certain...”
 - d. “we are reasonably satisfied...”
 - e. “we promise...”
2. An audit that involves obtaining and evaluating evidence in order to determine whether certain financial or operating activities of an entity conform to specified conditions, rules, or regulations is a(n):
 - a. internal audit.
 - b. external audit.
 - c. operational audit.
 - d. compliance audit.
 - e. financial statement audit.
3. Which one of the following was not listed as an inherent limitation of a financial statement audit?
 - a. accounting estimates
 - b. reasonable length of time
 - c. alternative accounting principles
 - d. reasonable cost
 - e. level of complexity
4. An auditor may be required to disclose fraud outside the client entity in each one of the following situations except:
 - a. in response to a court subpoena.
 - b. to the SEC when the auditor has withdrawn from the engagement.
 - c. to a successor auditor who makes inquiries in accordance with professional standards.
 - d. to the GAO when the auditor has reported illegal acts to the audit committee.
 - e. to a funding agency in accordance with audit requirements for entities that receive governmental financial assistance.

※注意：1. 考生須在「彌封答案卷」上作答。

2. 本試題紙空白部分可當稿紙使用。

3. 考生於作答時可否使用計算機、法典、字典或其他資料或工具，以簡章之規定為準。

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5.

When a user sees that a standard unqualified opinion has been expressed by an external auditor, he or she may correctly infer that:

- a. no material errors were found during the engagement.
- b. no embezzlements remain undetected.
- c. any system defects encountered during the engagement have been corrected to the auditor's satisfaction.
- d. any differences between management and the auditor on material accounting matters have been resolved to the auditor's satisfaction.
- e. any detected management fraud is immaterial.

6.

Unpaid fees for professional services will impair independence if:

- a. the previous year's fee has not been paid by the start of the current year's engagement.
- b. the previous year's fee has not been paid by the time the current year's report is issued.
- c. the previous year's fee has not been paid by the financial statement date.
- d. the current year's fee has not been paid by the time the report is issued.
- e. the previous year's fee has not been paid by the time the current year's field work has been completed.

7.

In order to effectively audit a company's financial statements, a CPA must be able to do all of the following except:

- a. apply ethical rules of the profession.
- b. assess risk, verify management's assertions and document audit conclusions.
- c. understand an entity's goals and objectives and determine the degree to which those goals and objectives have been met.
- d. understand the company's internal controls and evaluate the degree to which it serves the client's needs.
- e. evaluate an entity's cash flow, profitability, liquidity, solvency, operating cycle, and its performance in an industry relative to its customers.

8.

Determining whether amounts are in conformity with GAAP addresses the proper measurement of assets, liabilities, revenues, and expenses which includes all of the following except:

- a. the reasonableness of management's accounting estimates.
- b. proper application of valuation principles such as cost, net reliable value, market value, and present value.
- c. consistency in the application of accounting principles.
- d. the reasonableness of management's accounting policies.
- e. proper application of the matching principle.

9.

Generally accepted auditing standards recognize two categories of evidential matter: underlying accounting data and corroborating information. In making an audit in accordance with GAAS:

- a. corroborating information is always required, while underlying accounting data may be gathered under certain circumstances.
- b. underlying accounting data must always be gathered, while corroborating information need only be obtained when the accounting records are not reliable.
- c. both categories are required.
- d. the auditor may choose the category to use, and omit the other.
- e. neither category is required.

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10.

An auditor can use computer audit software to do all of the following except:

- a. select a sample of accounts receivable for confirmation.
- b. reperform a variety of calculations such as totaling the accounts receivable subsidiary ledger or inventory file.
- c. perform the calculations and comparisons used in tracing procedures.
- d. submit test data to the client's programs to determine that computer aspects of internal controls are functioning.
- e. scan a file to determine that all documents in a series have been accounted for.

11.

Account activity for the current period is most likely to appear in which of the following types of audit working papers?

- a. working trial balance
- b. audit memoranda
- c. documentation of corroborating information
- d. schedules and analyses
- e. adjusting and reclassifying entries

12.

Which of the following would not be considered an analytical procedure?

- a. calculate the gross profit ratio and compare it to the industry figure
- b. compare current year's operating expenses to prior year's
- c. compare current year's working capital to prior year's
- d. divide sales commissions by sales and compare the results to the established commission rate
- e. compare the per unit price on a sales invoice to the master price list

13.

In the investigation of a potential new client, if the client refuses to give permission to inquire of the predecessor auditor, or if the predecessor does not respond fully, the successor auditor should:

- a. consider the implications in making the accept/reject decision.
- b. not accept the engagement.
- c. request an AICPA-sanctioned peer review of the predecessor.
- d. request assistance from the SEC.
- e. immediately inform the appropriate state board of accountancy.

14.

Before accepting an engagement, the auditor should assess the auditability of the prospective client.

Which of the following conditions would most likely cause the auditor to question the auditability of the client?

- a. Since a voucher system is employed, no subsidiary accounts payable ledger exists.
- b. Although the subsidiary records and the specialized journals are computerized, the general ledger and general journal are still maintained manually.
- c. Due to limited personnel, a small retailer has failed to implement many of the controls that are standard in the industry.
- d. The client's controller reconciles the bank statements each month.
- e. Because many of its major customers are foreign corporations, the client will not allow the auditor to confirm accounts receivable.

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15.
Which of the following best describes the auditor's responsibilities concerning related parties?
- investigate those transactions encountered during the audit
 - as related parties are discovered during the course of the audit, their existence should be noted in the working papers
 - obtain a list of all board members and place in the working papers
 - investigate the background of all related parties
 - determine, in the planning stage, the existence of related parties
16.
A basic premise underlying the use of analytical procedures in auditing is that relationships among data may be expected to:
- vary randomly.
 - vary in a linear fashion.
 - vary in an unpredictable fashion.
 - continue stable in the absence of known conditions to the contrary.
 - contain valuable information about current operating results.
17.
Materiality at the account balance level is stated in planning an audit because:
- some users make decisions based upon individual account balances.
 - the auditor verifies account balances in reaching an overall conclusion on the fairness of the financial statements.
 - the opinion on the fairness of the financial statements extends to the individual account balances.
 - official pronouncements have specified different levels of materiality for various financial statement items.
 - the opinion on the fairness of the financial statements extends to the individual transactions.
18.
In making judgments about materiality at the account balance level, the auditor must consider the relationship between it and financial statement materiality. This should lead the auditor to plan the audit to detect misstatements that:
- are individually material to the statements taken as a whole.
 - are individually immaterial to the statements taken as a whole.
 - may be immaterial individually, but may aggregate with misstatements in other accounts to a material level.
 - bring the cumulative total of known misstatements to the level of materiality established by management.
 - are individually material to the account balance.
19.
The auditor will allocate more materiality to accounts with a(n):
- high chance of misstatements and that are difficult to audit.
 - high chance of misstatements but that are easy to audit.
 - low chance of misstatements but that are difficult to audit.
 - low chance of misstatements and that are easy to audit.
 - average chance of misstatements and that are easy to audit.

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20.

The assessment of inherent risk requires consideration of matters that have a pervasive effect on assertions for all or many accounts and matters that may pertain only to assertions for specific accounts.

Which of the following is an example of a “pervasive effects” matter?

- a. complexity of calculations.
- b. management turnover, reputation, and accounting skills.
- c. susceptibility to misappropriation.
- d. sensitivity of operating results to economic factors.
- e. difficult-to-audit accounts or transactions.

21.

Which of the following would be considered the most conservative settings for inherent risk and control risk?

	<u>Inherent Risk</u>	<u>Control Risk</u>
a.	1.0	1.0
b.	1.0	0.0
c.	0.0	0.0
d.	0.0	1.0
e.	0.5	0.5

22.

For which of the following accounts is the primarily substantive testing strategy least likely?

- a. bonds payable
- b. trade accounts payable
- c. equipment
- d. capital stock
- e. machinery

23.

Which of the following is not one of the characteristics of management's philosophy and operating style?

- a. approach to taking and monitoring business risks
- b. monitoring policies for developing and modifying accounting systems
- c. conscientiousness and conservatism in developing accounting estimates
- d. its attitudes and actions toward financial reporting
- e. its attitudes toward information processing and accounting functions and personnel

24.

Essential to both management and auditors is a chain of evidence in the accounting system provided by coding, cross references, and documentation connecting account balances and other summary results with original data. This chain of evidence is referred to as the:

- a. control trail.
- b. vouching or tracing trail.
- c. system reference trail.
- d. audit or transaction trail.
- e. accounting trail.

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25.

Which of the following statements is true about an auditor's responsibility to communicate with respect to a public company's internal controls?

- a. The auditor will issue an adverse report on the effectiveness of internal controls if a material weakness in internal controls over financial reporting exists.
- b. Auditors are required to communicate all significant deficiencies in internal control to management but not necessarily to the audit committee.
- c. Auditors are required to communicate all significant deficiencies in internal control to the audit committee but not necessarily to management.
- d. The difference between a material weakness and a significant deficiency is inconsequential.
- e. The auditor's judgment is based on either the likelihood of the misstatement or on the potential magnitude of the misstatement.

26.

The auditor is performing substantive tests several months before the end of the year. This most likely means that:

- a. inherent risk is set at moderate to high.
- b. detection risk is set at low to very low.
- c. control risk is set at slightly below maximum to maximum.
- d. control risk is set at maximum.
- e. detection risk is set at moderate to high.

27.

Tests of details of balances generally tend to be the:

- a. most costly, and least effective audit procedures.
- b. most costly, and most effective audit procedures.
- c. least costly, yet most effective audit procedures.
- d. least costly, and least effective audit procedures.
- e. least costly, and least efficient audit procedures.

28.

Which of the following bank transfers appears to be an example of kiting aimed at concealing a cash shortage?

	Date of Disbursement		Date of Receipt	
	Books	Bank	Books	Bank
a.	12/28	1/03	12/28	12/28
b.	1/03	1/05	1/03	1/03
c.	12/30	1/03	12/30	12/30
d.	1/02	1/04	12/30	12/30
e.	1/03	1/05	1/03	12/31

29.

Which of the following events in the subsequent period is an example of a **Type 2** subsequent event?

- a. realization of recorded year-end receivables at a different amount than recorded
- b. settlement of recorded year-end estimated product warranty liabilities at a different amount than recorded
- c. purchase of a machine
- d. purchase of a business
- e. sale of equipment

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30.

The auditor's special report on financial statements prepared on an OCBOA should contain all of the following **except**:

- an introductory paragraph.
- a scope paragraph.
- an exclusion paragraph.
- an explanatory paragraph.
- an opinion paragraph.

II. Essay questions (40 points)

1. (12 points)

The following client-prepared bank reconciliation is being examined by Captain Miller, CPA, during the examination of the financial statements of Private Ryan Company.

Required:

Items (a) through (f) represent items an auditor would ordinarily find on a client-prepared bank reconciliation. The following list of audit procedure shows substantive auditing procedures. For each item, select one or more procedures, as indicated, that the auditor most likely would perform to gather evidence in support of that item. (The procedures on the list may be selected once, more than once, or not at all.)

Private Ryan Company
Bank Reconciliation
1st National Bank of Normandy Bank Account
September 30, 2011

a. Select 2 procedures	Balance per bank		\$ 28,375
b. Select 5 procedures	Deposits in transit :		
	9/29/11	\$ 4,500	
	9/30/11	<u>1,525</u>	<u>6,025</u>
			\$ 34,400
c. Select 5 procedures	Outstanding checks :		
	988 8/31/11	2,200	
	1281 9/26/11	675	
	1285 9/27/11	850	
	1289 9/29/11	2,500	
	1292 9/30/11	<u>7,225</u>	<u>(13,450)</u>
			\$ 20,950
d. Select 1 procedure	Customer note collected by bank		<u>(3,000)</u>
e. Select 2 procedures	Error :		
	Check 1282, written on 9/26/11 for \$270, was erroneously charged by bank as \$720; bank was notified on 10/2/11		450
f. Select 1 procedure	Balance per books		<u>\$ 18,400</u>

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Assume that

- The client prepared the bank reconciliation on 10/2/2011.
- The bank reconciliation is mathematically accurate.
- The auditor received a cutoff bank statement dated 10/7/2011 directly from the bank on 10/11/2011.
- The 9/30/2011 deposit in transit, outstanding checks 1281, 1285, 1289, on the cutoff bank statement.
- The auditor set control risk concerning the financial statement assertions related to cash at the maximum.

Audit Procedure :

1. Trace to cash receipts journal.
2. Trace to cash disbursements journal.
3. Compare to 9/30/2011 general ledger.
4. Directly confirm with bank.
5. Inspect bank credit memo.
6. Inspect bank debit memo.
7. Ascertain reason for unusual delay.
8. Inspect supporting documents for reconciling item not appearing on cutoff statement.
9. Trace items on bank reconciliation to cutoff statement.
10. Trace items on the cutoff statement to bank reconciliation.

2. (12 points)

For each of the following independent situations, indicate the reason for and the type of financial statement audit report that you would issue. Assume that each item is significant.

- a. International Mines, Inc., users LIFO for valuing inventories held in the United States and FIFO for inventories produced and held in its foreign operations.
- b. HiTech Computers is suing your client, Super Software, for royalties over patent infringement. Super Software's outside legal counsel assures you that HiTech's case is without merit.
- c. In previous years, your client, Merc International, has consolidated its Panamanian subsidiary. Because of restrictions in Panama, Merc International has decided to account for the subsidiary on the equity basis in the current year.
- d. In prior years Worcester wool Mills has used replacement cost to value its inventory of raw wool. During the current year Worcester changed to FIFO for valuing raw wool.
- e. Upon review of the recent history of the lives of its specialized automobiles, Gas Leak Technology changed the service lives for depreciation purposes on its autos from five years to three years. This change resulted in a material amount of additional depreciation expense.
- f. During the 2011 audit of Brannon Bakery Equipment, you found that a material amount shown in the 2010 financial statements. After discussing this problem with management, you become convinced that it was an unintentional oversight.
- g. Jay Johnson, CPA, holds 10 percent of the stock in Koenig Construction Company. The board of directors of Koenig asks Johnson to conduct its audit. Johnson completes the audit and determines that the financial statements present fairly in accordance with generally accepted accounting principles.
- h. Palatka Savings and Loan's financial condition has been deteriorating for the last five years. Most of its problems result from loans made to real estate developers in Saint Johns County. Your review of the loan-loss reserve. Based on your calculations, the proposed write-down of the loans will put Palatka into violation of the state's capital requirements.

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3. (16 points)

For the audit of the financial statement of Green Hornet Company, Kaeto, CPA, has decide to apply nonstatistical audit sampling in the tests of controls and substantive tests of transactions for sales transactions. Based on his knowledge of Green Hornet's operations in the area of sales, he decides that the EPER is likely to be 3% and that he is willing to accept a 5% risk that the true population exception rate in not greater than 6%. Given this information, Kaeto selects a random sample of 150 sales invoices from the 5,000 generated during the year and examines them for exceptions. He notes the following exceptions in his audit schedules. There is no other documentation.

Invoice No.	Comment
5028	Sales invoice was originally footed incorrectly but was corrected by client before the bill was sent out.
6791	Voided sales invoice examined by auditor.
6810	Shipping document for a sale of merchandise could not be located.
7364	Sales invoice for \$2,875 has not been collected and is 6 months past due.
7625	Client unable to locate the duplicate sales invoice.
8431	Invoice was dated 3 days later than the day entered in the sale journal.
8528	Customer order is not attached to the duplicate sales invoice.
8566	Billing is for \$100 less than it should be due to an unintentional pricing error. No indication of internal verification is included on the invoice.
8780	Client unable to locate the duplicate sales invoice.
9169	Credit not authorized, but the sale was for only \$7.65.
9974	Lack of indication of internal verification of price extensions and postings of sale invoice.

Required:

- Which of the preceding should be defined as an exception?
- Explain why it is inappropriate to set a single acceptable TER (tolerable exception rate) and EPER (estimated population exception rate) for the combined exceptions.
- Calculated SER (sample exception rate) for each attribute tested in the population. (You must decide which attributes should be combined, which should be kept separate, and which exceptions are actual exceptions before you can calculate SER.)
- State the appropriate analysis of exceptions for each of the exceptions in the sample, including additional procedures to be performed.