

元智大學 100 學年度研究所 碩士班 招生試題卷

系(所)別：管理學院商學碩士班

組別：會計碩士學程 科目：審計學

用紙第 1 頁共 6 頁

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I. **Multiple Choice:** Please choose *the best answer* for each of the following questions. (50 points) (@ 2 points)

1. The attest function: (A)Is an essential part of every engagement by the CPA, whether performing auditing, tax work, or other services. (B)Includes the preparation of a report of the CPA's findings. (C)Requires a consideration of internal control. (D)Requires a complete review of all transactions during the period under examination.
2. Which of the following is **not** correct relating to the Sarbanes-Oxley Act? (A)It toughens penalties for corporate fraud. (B)It restricts the types of consulting CPAs may perform for audit clients. (C)It created the Public Company Accounting Oversight Board (PCAOB) as a replacement for the Financial Accounting Standards Board. (D)It eliminates a significant portion of the accounting profession's system of self-regulation.
3. A CPA firm establishes quality control policies and procedures for deciding whether to accept a new client or continue to perform services for a current client. The primary purpose for establishing such policies and procedures is: (A)To enable the auditor to attest to the integrity or reliability of a client. (B)To comply with the quality control standards established by regulatory bodies. (C)To minimize the likelihood of association with clients whose managements lack integrity. (D)To lessen the exposure to litigation resulting from failure to detect fraud in client financial statements.
4. Contingency fee based pricing of accounting services is: (A)Always strictly prohibited in public accounting practice. (B)Never restricted in public accounting practice. (C)Prohibited for clients for whom attestation services are provided. (D)Considered an act discreditable to the profession.
5. Which of the following is **least** likely to impair a CPA firm's independence with respect to a nonpublic audit client in the Oklahoma City office of a national CPA firm? (A)A partner in the Oklahoma City office owns an immaterial amount of stock in the client. (B)A partner in the Jersey City office owns 7% of the client's stock. (C)A partner in the Oklahoma City office, who does not work on the audit, previously served as controller for the audit client. (D)A partner in the Chicago office is also the vice president of finance for the audit client.
6. Which of the following statements is correct? (A)Client prepared records (e.g., the general ledger) may be retained by the CPA until fees due to the CPA are received. (B)CPA working papers are the joint property of the CPA and the client. (C)Supporting records not reflected in the client's records (e.g., proposed adjusting entries) may be withheld by the CPA if fees for the engagement remain unpaid. (D)CPA working papers that include copies of client's records are not available to third parties under any circumstances.
7. Assume that a client has encountered a \$500,000 fraud and that the CPA's percentage of responsibility established at 10%, while the company itself was responsible for the other 90%. Under which approach to liability is the CPA most likely to avoid liability entirely? (A)Absolute negligence. (B)Comparative negligence. (C)Contributory negligence. (D)Joint Negligence.
8. A limited liability partnership form of organization: (A)Decreases liability of all partners of a CPA firm. (B)Has similar liability requirements to that of a professional corporation. (C)Eliminates personal liability for some, but not all, partners. (D)Eliminates personal liability for all partners.
9. To be effective, analytical procedures in the overall review stage of an audit engagement should be performed by (A)The staff accountant who performed the substantive auditing procedures. (B)A beginning staff accountant who has had no other work related to the engagement. (C)A manager or partner who has a comprehensive knowledge of the client's business and industry. (D)The CPA firm's quality control manager.
10. Which of the following is a basic approach often used by auditors to evaluate the reasonableness of accounting

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estimates? (A)Confirmation. (B)Observation. (C)Reviewing subsequent events or transactions. (D)Analyzing corporate organizational structure.

11. When considering the use of management's written representations as audit evidence about the completeness assertion, an auditor should understand that such representations: (A)Complement, but do not replace, substantive procedures designed to support the assertion. (B)Constitute sufficient evidence to support the assertion when considered in combination with a moderate assessed level of control risk. (C)Are generally sufficient audit evidence to support the assertion regardless of the assessed level of control risk. (D)Replace the assessed level of control risk as evidence to support the assertions.
12. Although the quantity, type, and content of working papers will vary with the circumstances, the working papers generally would include the: (A)Copies of those client records examined by the auditor during the course of the engagement. (B)Evaluation of the efficiency and competence of the audit staff assistants by the partner responsible for the audit. (C)Auditor's comments concerning the efficiency and competence of client management personnel. (D)Auditing procedures followed and the testing performed in obtaining audit evidence.
13. When planning an audit, an auditor should: (A)Consider whether the extent of substantive procedures may be reduced based on the results of the internal control questionnaire. (B)Make preliminary judgments about materiality levels for audit purposes. (C)Conclude whether changes in compliance with prescribed control procedures justifies reliance on them. (D)Prepare a preliminary draft of the management representation letter.
14. Under which circumstance is it likely that the extent of substantive procedures will be expanded beyond that anticipated in the audit plan? (A)The auditors have determined that controls have been implemented (placed in operation) but, in accordance with the audit plan, have performed no tests of controls. (B)Certain controls do not leave a trail of documentary evidence. (C)Deviation rates were greater than zero and approached anticipated levels. (D)The operating effectiveness of certain controls was found to be less than expected, although no material misstatements were identified.
15. A control deficiency that is less severe than a material weakness, but important enough to merit attention by those responsible for oversight of the company's financial reporting is referred to as a(n): (A)Control deficiency. (B)Inherent limitation. (C)Reportable deficiency. (D)Significant deficiency.
16. Which of the following is **not** a responsibility that should be assigned to a company's internal audit department? (A)Evaluating internal control. (B)Approving disbursements. (C)Reporting on the effectiveness of operating segments. (D)Investigating potential merger candidates.
17. After documenting the client's prescribed internal control, the auditors will often perform a walk-through of each transaction cycle. An objective of a walk-through is to: (A)Verify that the controls have been implemented (placed in operation). (B)Replace tests of controls. (C)Evaluate the major strengths and weaknesses in the client's internal control. (D)Identify weaknesses to be communicated to management in the management letter.
18. In the weekly computer run to prepare payroll checks, a check was printed for an employee who had been terminated the previous week. Which of the following controls, if properly utilized, would have been most effective in preventing the error or ensuing its prompt detection? (A)A control total for hours worked, prepared from time cards collected by the timekeeping department. (B)Requiring the treasurer's office to account for the numbers of the prenumbered checks issued to the computer department for the processing of the payroll. (C)Use of a check digit for employee numbers. (D)Use of a header label for the payroll input sheet.

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19. Consider the following computer applications: (1) At a catalog sales firm, as phone orders are entered into their computer, both inventory and credit are immediately checked. (2) A manufacturer's computer sends the coming week's production schedule and parts orders to a supplier's computer. Which statement below is true for these applications? (A)Both applications are examples of EDI. (B)Both applications are examples of on-line real-time processing. (C)The first application is an example of EDI and the second is an example of on-line real-time. (D)The first application is an example of on-line real-time and the second is an example of EDI.
20. Which of the following is a correct statement with respect to evaluating results when using nonstatistical sampling for substantive tests? (A)When the projected misstatement exceeds the tolerable misstatement, the auditor should conclude that the population is not misstated. (B)The closer the projected misstatement is to the tolerable misstatement, the higher the risk of material misstatement. (C)When the projected misstatement is equal to zero, the auditors may conclude with certainty that no misstatements exist in the account. (D)When the projected misstatement percentage exceeds the risk of incorrect acceptance the auditors will generally conclude that the population is materially misstated.
21. An auditor compares annual revenues and expenses with similar amounts from the prior year and investigates all changes exceeding 10%. This procedure most likely could indicate that (A)Fourth quarter payroll taxes were properly accrued and recorded, but were not paid until early in the subsequent year. (B)Unrealized gains from increases in the value of available-for-sale securities were recorded in the income account for trading securities. (C)The annual provision for uncollectible accounts expense was inadequate because of worsening economic conditions. (D)Notice of an increase in property tax rates was received by management, but was not recorded until early in the subsequent year.
22. An auditor discovered that a client's accounts receivable turnover is substantially lower for the current year than for the prior year. This may indicate that (A)Obsolete inventory has not yet been reduced to fair market value. (B)There was an improper cutoff of sales at the end of the year. (C)An unusually large receivable was written off near the end of the year. (D)The aging of accounts receivable was improperly performed in both years.
23. An auditor should perform alternative procedures to substantiate the existence of accounts receivable when: (A)No reply to a positive confirmation request is received. (B)No reply to a negative confirmation request is received. (C)Collectibility of the receivables is in doubt. (D)Pledging of the receivables is probable.
24. Which of the following is **least** likely to be accurate statement concerning characteristics of an audit? (A)An analysis of inventory turnover addresses whether the proper method of determining inventory costs--as contrasted to market values--is being applied. (B)Characteristics of the double entry bookkeeping system make it possible to test for overstated sales when tests of accounts receivable are being performed. (C)The direction of tests for overstatement errors is generally directed from the recorded entry to source documents. (D)Use of a perpetual rather than a periodic inventory system is likely to affect the nature of cutoff errors made at year-end.
25. An audit program for the examination of the retained earnings account should include a step that requires verification of the: (A)Market value used to charge retained earnings to account for a two-for-one stock split. (B)Approval of the adjustment to the beginning balance as a result of a write-down of an account receivable. (C)Authorization for both cash and stock dividends. (D)Gain or loss resulting from disposition of treasury shares.

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II、You have just completed the accounts receivable confirmation process in the audit of Yuan-Ze Company, a paper supplier to retail shops and commercial users. Following are the data related to this process:

Accounts receivable recorded balance	\$2,760,000
Number of accounts	7,320
A sample was taken as follows:	
All accounts over \$10,000 (25 accounts)	\$465,000
75 accounts under \$10,000	\$81,500
Tolerable misstatement for the confirmation test	\$100,000
Acceptable audit risk	1.5%
Inherent risk	100%
Assessed control risk	75%
The chance of detecting a material misstatement by analytical procedures	60%

The following are the results of the confirmation procedures:

	Recorded value	Audited value	Audit Difference	(Audit Difference) ²
Items over \$10,000	\$465,000	\$432,000	\$33,000	1,089,000,000
Items under \$10,000	81,500	77,990	3,510	12,320,100
Individual misstatements for items under \$10,000				
Item 12	\$5,120	\$4,820	\$300	90,000
Item 19	485	385	100	10,000
Item 33	1,250	250	1,000	1,000,000
Item 35	3,975	3,875	100	10,000
Item 51	1,850	1,825	25	625
Item 59	3,780	4,200	(420)	176,400
Item 74	2,405	0	2,405	5,784,025
Total	\$18,865	\$15,355	\$3,510	7,071,050

Required: [Note: Part (1) and (2) are independent of each other.] (12 points) (ⓐ 6 points)

- (1) Assume that the sample was a random sample, calculate the point estimate and confidence limits for the population misstatements by using difference estimation. Also evaluate the results. (Hint: $Z_{\alpha/2, n-1}$ is 1.64.)
- (2) Assume that the sample was a non-statistical sample, calculate the point estimate by using ratio estimation. Also evaluate the results.

III、The field work for the December 31, 2010, audit of Yuan-Ze Company was finished February 19, 2011, and the completed financial statements, accompanied by the signed audit reports, were mailed March 6, 2011. In each of the highly material independent events ((1)~(9)), state the appropriate action (A~D) for the situation. The alternative actions are as follows:

- A. Adjust the December 31, 2010, financial statements.
- B. Disclose the information in a footnote in the December 31, 2010, financial statements.
- C. Request the client to recall the December 31, 2010, financial statements.
- D. No action is required.

The events are as follows: (18 points) (ⓐ 3 points)

- (1) On June 14, 2011, the auditor discovered that a debtor of Yuan-Ze went bankrupt on January 15, 2011, due to declining financial health. The sale had taken place July 15, 2010.
- (2) On June 14, 2011, the auditor discovered that a debtor of Yuan-Ze went bankrupt on April 2, 2011. The sale had taken place October 15, 2010, but the amount appeared collectible at December 31, 2010, and March 19, 2011.

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(3) On February 15, 2011, the auditor discovered that a debtor of Yuan-Ze went bankrupt on February 1, 2011.

The most recent sale had taken place October 2, 2010, and no cash receipts had been received since that date.

(4) On February 6, 2011, the auditor discovered that a debtor of Yuan-Ze went bankrupt on January 30, 2011.

The cause of the bankruptcy was an unexpected loss of a major lawsuit on January 15, 2011, resulting from a product deficiency suit by a different customer.

(5) On February 6, 2011, the auditor discovered that a debtor of Yuan-Ze went bankrupt on January 30, 2011, for

a sale that took place January 3, 2011. The cause of the bankruptcy was a major uninsured fire on January 20, 2011.

(6) On January 20, 2011, Yuan-Ze settled a lawsuit out of court that had originated in 2007 and is currently listed as a contingent liability.

(7) On March 14, 2011, Yuan-Ze lost a court case that had originated in 2009 for an amount equal to the lawsuit.

The December 31, 2010, footnotes state that in the opinion of legal counsel there will be a favorable settlement.

(8) On January 20, 2011, a lawsuit was filed against Yuan-Ze for a patent infringement action that allegedly took place in early 2010. In the opinion of legal counsel, there is a danger of a significant loss to the client.

(9) On November 30, 2010, the auditor discovered an uninsured lawsuit against Yuan-Ze that had originated on August 28, 2010.

IV. The following are independent situations for which you will recommend an appropriate audit report on internal control over financial reporting as required by PCAOB auditing standards:

(1) The auditor was unable to obtain any evidence about the operating effectiveness of internal control over financial reporting.

(2) The auditor determined that a deficiency in internal control exists that will not prevent or detect a material misstatement in the financial statements.

(3) During interim testing, the auditor identified and communicated to management a significant control deficiency. Management immediately corrected the deficiency and the auditor was able to sufficiently test the newly instituted internal control before the end of the fiscal period.

(4) As a result of performing tests of controls, the auditor identified a significant deficiency in internal control over financial reporting; however, the auditor does not believe that it represents a material weakness in internal control.

Required: For each situation, state the appropriate audit report from the following alternatives (A~D):

(8 points) (@ 2 points)

A. Unqualified opinion on internal control over financial reporting.

B. Qualified opinion on internal control over financial reporting.

C. Adverse opinion on internal control over financial reporting.

D. Disclaimer of opinion on internal control over financial reporting.

V. Audit situations 1 through 3 present various independent factual situations a CPA might encounter in conducting an audit. Assume the following:

- The CPA is independent and conducts the audit in accordance with GAAS.

- Unless indicated in the factual situations, assume an unqualified opinion is expressed on the prior-year

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financial statements.

- Only single-year statements are presented for the current year.
- The conditions for an unqualified opinion exist unless contradicted in the factual situations.
- The conditions stated in the factual situations are material.
- No report modifications are to be made except in response to the factual situations.

- (1) For the past 5 years a CPA has audited the financial statements of a manufacturing company. During this period, the audit scope was limited by the client as to the observation of the annual physical inventory. Because the CPA considered the inventories to be material and he was not able to satisfy himself by other auditing procedures, he was unable to express an unqualified opinion on the financial statements in each of the 5 years. The CPA was allowed to observe physical inventories for the current year ended December 31, 2010, because the client's banker would no longer accept the audit reports. In the interest of economy, the client requested the CPA to not extend his audit procedures to the inventory as of January 1, 2010. Although the unobserved inventory was material to operating results and cash flows of the current year, the CPA believed it was immaterial to financial position of fiscal year ended December 31, 2010.
- (2) During the course of his audit of the financial statements of a corporation for the purpose of expressing an opinion on the statements, a CPA is refused permission to inspect the minute books containing the significant decisions from the board of directors meetings. The corporation secretary instead offers to give the CPA a certified copy of all resolutions and actions involving accounting matters.
- (3) A CPA has completed her audit of the financial statements of a bus company for the year ended December 31, 2010. Prior to 2010, the company depreciated its buses over a 10-year period. During 2010, the company determined that a more realistic estimated life for its buses was 12 years and computed the 2010 depreciation on the basis of the revised estimate. The CPA has satisfied herself that the 12-year life is reasonable. The company has adequately disclosed the change in estimated useful lives of its buses and the effect of the change on 2010 income in a note to the financial statements.

Required: For each situation, identify the appropriate types of audit opinion, and select the necessary components of audit report from the seven items (A through G) listed below. The components must be presented in the exact order. For example, a situation that the auditor should issue the standard unqualified opinion report is presented as "A, C, F" (12 points) (④ points)

- A. Standard introductory paragraph
- B. Modified introductory paragraph
- C. Standard scope paragraph
- D. modified scope paragraph
- E. explanatory paragraph
- F. Standard opinion paragraph
- G. modified opinion paragraph

Please organize your answers into the following table.

Situation	Types of audit opinion	Components of audit report
(1)		
(2)		
(3)		

試題完!
End of Exam!

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