

系所組別：會計學系甲組

考試科目：審計學

考試日期：0224，節次：2

※ 考生請注意：本試題不可使用計算機 請勿在本試題紙上作答，否則不予計分

Part I: Multiple-Choice Questions: Select the best answer for each of the following questions (3% for each question) (60%)

1. Auditors would use the enterprise risk model
  - A. To reduce the client's business risk.
  - B. To determine detection risk.
  - C. To evaluate management's risk assessment.
  - D. To monitor client risk.
  
2. In an audit of financial statements of a nonpublic company in accordance with generally accepted auditing standards, an auditor is required to
  - A. Document his or her understanding of the entity's internal control.
  - B. Search for significant deficiencies in the operation of internal controls.
  - C. Perform tests of controls to evaluate the effectiveness of the entity's accounting system.
  - D. Determine whether control activities are operating effectively to prevent or detect material misstatements.
  
3. When an auditor reviews additions to the equipment (fixed asset) account to make sure that repair and maintenance expenses are not understated, she wants to obtain evidence as to management's assertion regarding
  - A. Completeness.
  - B. Existence.
  - C. Valuation and allocation.
  - D. Rights and obligations.
  - E. Occurrence.
  
4. An important role of the Public Company Accounting Oversight Board is to oversee the
  - A. Issuance of statements by the Financial Accounting Standards Board.
  - B. Preparation and grading of the Uniform CPA Examination.
  - C. Peer review of member firms of the Private Companies Practice Section.
  - D. Regulation of firms that audit public entities.
  
5. Cash receipts from sales on account have been misappropriated. Which of the following acts would conceal this defalcation and be least likely to be detected by an auditor?
  - A. Understating the sales journal.
  - B. Overstating the accounts receivable control account.
  - C. Overstating the accounts receivable subsidiary ledger.
  - D. Understating the cash receipts journal.
  
6. Which of the following pieces of information discovered by an auditor when performing substantive tests of account balances would most likely raise red flags about the possible existence of material fraudulent financial reporting?

(背面仍有題目，請繼續作答)

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- A. Paper copies of paid invoices and cancelled checks were microfiched and then destroyed.
  - B. The controller requires that you schedule any audit inquiries daily after lunch, not in the morning.
  - C. The petty cash fund custodian never takes a vacation.
  - D. The client's estimate of the allowance for doubtful accounts is lower than the auditor's independent evaluation of the allowance.
7. To provide assurance that each voucher is submitted and paid only once, an auditor most likely would examine a sample of paid vouchers and determine whether each voucher is
- A. Supported by a vendor's invoice.
  - B. Stamped PAID by the check signer.
  - C. Prenumbered and accounted for.
  - D. Approved for authorized purchases.
8. When auditing inventories, an auditor would least likely verify that
- A. All inventory owned by the client is on hand at the time of the count.
  - B. The client has used proper inventory pricing.
  - C. The financial statement presentation of inventories is appropriate.
  - D. Damaged goods and obsolete items have been properly accounted for.
9. Independent auditors who consider fraud in the course of financial statement audits are well-advised to quantify "materiality" in terms of:
- A. The maximum amount of asset overstatement that might mislead investors in relation to the latest financial statements under audit.
  - B. A maximum percentage of net income overstatement that might mislead investors in relation to the latest financial statements under audit.
  - C. A cumulative amount of misstatement of assets or income over several years past and current that might mislead investors in relation to the latest financial statements under audit.
  - D. Controversial accounting measurements that might mislead investors in relation to the latest financial statements under audit.
10. Which of the following factors most likely would cause an auditor not to accept a new audit engagement?
- A. An inadequate understanding of the entity's internal controls.
  - B. The close proximity to the end of the entity's fiscal year.
  - C. Concluding that the entity's management probably lacks integrity.
  - D. The inability to perform preliminary analytical procedures before assessing control risk.
11. When reporting on comparative financial statements, auditors ordinarily should modify their previously expressed opinion on the prior-year financial statements if the
- A. Prior-year financial statements are restated to conform with generally accepted accounting principles.

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- B. Auditors were predecessor auditors who have been requested by a former client to reissue the previous report.
- C. The prior-year opinion was unqualified and the opinion on the current-year financial statements is modified due to a lack of consistency.
- D. The prior-year financial statements are restated following an acquisition in the current year.
12. Computer-assisted audit techniques (CAATs) could not be used for which of the following audit tasks?
- A. Testing calculations and making computations.
- B. Evaluating control risk assessment.
- C. Summarizing, resequencing, and reformatting data.
- D. Comparing audit evidence from manual audit procedures to company needs.
13. Audit teams would most likely introduce test data into a computerized payroll system to test internal controls related to the
- A. Existence of unclaimed payroll checks held by supervisors.
- B. Early cashing of payroll checks by employees.
- C. Discovery of invalid employee identification numbers.
- D. Proper approval of overtime by supervisors.
14. Which of the following is the most effective method of identifying potential earnings management attempts?
- A. Analytical procedures.
- B. Detailed substantive procedures.
- C. Inquiry of client management and key financial personnel.
- D. Scanning accounts for unusual items.
15. The evidence considered most appropriate by auditors is best described as
- A. Internal documents such as sales invoice copies produced under conditions of strong internal control.
- B. Written representations made by the president of the entity.
- C. Documentary evidence obtained directly from independent external sources.
- D. Direct personal knowledge obtained through physical observation and mathematical recalculation.
16. If fictitious credit sales were recorded and the fictitious accounts receivable were later directly written off as bad debt expense
- A. Income would be overstated.
- B. Income would be understated.

(背面仍有題目，請繼續作答)

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- C. Income would not be misstated.                      D. Accounts receivable would be understated.

17. Which of the following is the most important audit consideration when examining the stockholders' equity section of a client's balance sheet?

- A. Changes in the capital stock account are verified by an independent stock transfer agent.
- B. Stock dividends and stock splits during the year under audit were approved by the stockholders.
- C. Stock dividends are capitalized at par or stated value on the dividend declaration date.
- D. Entries in the capital stock account can be traced to resolutions in the minutes of meetings of the board of directors.

18. Which of the following would normally be considered earliest in the audit examination?

- A. Determination of materiality levels to use during the audit.
- B. Consideration of the ability of the entity's internal control to prevent or detect errors.
- C. Preparation of a written audit plan.
- D. Evaluation of the type of audit opinion to be issued based on the auditor's findings.

19. Why does the risk of incorrect rejection result in an efficiency loss to the auditor?

- A. Additional time is necessary to propose adjustments to the client's account balances.
- B. The auditor typically expands the sample to examine additional components or transactions of the account balance.
- C. More detailed audit procedures are performed on sample items already examined by the auditor.
- D. The auditor typically extends the study of internal control to attempt to obtain a reduction in the level of risk of material misstatement.

20. Assume that application of analytical procedures revealed significant unexplained differences between recorded amounts and the expectations (estimates) developed by the auditor. If management is unable to provide an acceptable explanation, the auditor should

- A. Consider the matter a scope limitation.
- B. Perform additional audit procedures to investigate the matter further.
- C. Intensify the audit with the expectation of detecting management fraud.
- D. Withdraw from the engagement.

## II. Problem Analysis (40%)

1. (13%) Items (1) through (6) represent an auditor's observed changes in certain financial statement ratios or amounts from the prior-year ratios or amounts. For each observed change, select the most likely explanation or explanations from the list of explanations provided. Answers on the list may be selected once, more than once, or not at all.

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Auditor's observed changes (considered independent of each other):

- (1). Inventory turnover increased substantially from the prior year. (Select 3 explanations.)
- (2). Accounts receivable turnover decreased substantially from the prior year. (Select 3 explanations.)
- (3). Allowance for doubtful accounts increased from the prior year, but allowance for doubtful accounts as a percentage of accounts receivable decreased from the prior year. (Select 3 explanations.)
- (4). Long-term debt increased from the prior year, but interest expense increased a larger than proportionate amount than long-term debt. (Select 1 explanation.)
- (5). Operating income increased from the prior year although the entity was less profitable than in the prior year. (Select 2 explanations.)
- (6). Gross margin percentage was unchanged from the prior year although gross margin increased from the prior year. (Select 1 explanation.)

Explanations

- A. Items shipped on consignment during the last month of the year were recorded as sales.
  - B. A significant number of credit memos for returned merchandise that were issued during the last month of the year were not recorded.
  - C. Year-end purchases of inventory were overstated by incorrectly including items received in the first month of the subsequent year.
  - D. Year-end purchases of inventory were understated by incorrectly excluding items received before the year-end.
  - E. A higher percentage of sales occurred during the last month of the year as compared to the prior year.
  - F. A smaller percentage of sales occurred during the last month of the year as compared to the prior year.
  - G. The same percentage of sales occurred during the last month of the year as compared to the prior year.
  - H. Sales increased at the same percentage as cost of goods sold as compared to the prior year.
  - I. Sales increased at a higher percentage than cost of goods sold increased as compared to the prior year.
  - J. Sales increased at a lower percentage than cost of goods sold increased as compared to the prior year.
  - K. Interest expense decreased as compared to the prior year.
  - L. The effective income tax rate increased as compared to the prior year.
  - M. The effective income tax rate decreased as compared to the prior year.
  - N. Short-term borrowing was refinanced on a long-term basis at the same interest rate.
  - O. Short-term borrowing was refinanced on a long-term basis at a lower interest rate.
  - P. Short-term borrowing was refinanced on a long-term basis at a higher interest rate.
2. (12%) The Code of Professional Conduct is very important for the auditing profession. The AICPA, state CPA boards, and other professional organizations spend a great deal of time and effort implementing and reinforcing the ethical standards as well as penalizing those who violate the ethical standards.

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Required:

- (1). Why is the Code of Professional Conduct important to the profession?
- (2). Many professionals believe that in today's business environment it is more difficult to adhere to the Code of Professional Conduct than ever before. Why might this be true?

3. (15%) The auditor should consider audit risk and materiality when planing an audit.

Required: (Please anser the following question base on ISAs or the R.O.C. SAS No. 51)

- (1) Define audit risk and materiality.
- (2) Why do auditors determine and apply performance materiality?
- (3) Discuss how the auditor determines materiality for the financial statements.