

元智大學 102 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. (80 points; @2 points)

1. The audit objective that footnotes in the financial statements should be clear and expressed so that the information is easily conveyed to the readers of the financial statements is related most closely with which of the ASB presentation and disclosure assertions? (A) Occurrence. (B) Rights and obligations. (C) Comprehensibility. (D) Understandability.
2. A determination of cost savings obtained by outsourcing cafeteria services is most likely to be an objective of (A) Environmental auditing. (B) Financial auditing. (C) Compliance auditing. (D) Operational auditing.
3. Which of the following is not a way in which auditors use the concept of overall materiality? (A) As a guide to planning the audit plan. (B) As a guide to the evaluation of evidence. (C) As a guide for making decisions about the audit report. (D) As a guide for assessing control risk.
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. Which of the following is not an attestation standard? (A) The practitioner must obtain sufficient evidence to provide a reasonable basis for the conclusion expressed in the report. (B) The practitioner must identify the subject matter or the assertion being reported on and state the character of the engagement. (C) The practitioner must adequately plan the work and must properly supervise any assistants. (D) A sufficient understanding of the client's internal controls shall be obtained to plan the engagement.
6. Which of the following is an element of a system of quality control that should be considered by a public accounting firm in establishing its quality control policies and procedures? (A) Lending credibility to a client's financial statements. (B) Using statistical sampling techniques. (C) Accepting and continuing client relationships and specific engagements. (D) Obtaining membership in the Center for Public Company Audit Firms.
7. Which of the following procedures would provide the most reliable audit evidence? (A) Inquiries of the client's accounting staff held in private. (B) Inspection of prenumbered client shipping documents. (C) Inspection of bank statements obtained directly from the client's financial institution. (D) Analytical procedures performed by auditors on the client's trial balance.
8. The auditor is not required to ask the predecessor auditor about (A) Facts that might bear on the integrity of management. (B) Disagreements the predecessor may have had with management about accounting principles and audit procedures. (C) The fees charged for the previous audit. (D) The predecessor's understanding about the reasons for the change of auditors.
9. Auditors should design the written audit plan so that (A) All material transactions will be selected for substantive testing. (B) Substantive tests prior to the balance sheet date will be minimized. (C) The audit procedures selected will achieve specific audit objectives. (D) Each account balance will be tested under either tests of controls or tests of transactions.
10. When determining the inherent risk related to an account balance, an auditor theoretically does not explicitly consider the (A) Liquidity of the account. (B) Degree of management estimation involved in determining the proper account balance. (C) Related internal control policies and procedures. (D) Complexity of calculations involved.
11. Which of the following presumptions does not relate to the reliability of audit evidence? (A) The more effective the client's internal control, the more assurance it provides about the accounting data and financial statements.

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- (B)The auditors' opinion, to be economically useful, is formed within a reasonable time and based on evidence obtained at a reasonable cost. (C)Evidence obtained from independent sources outside the entity is more reliable than evidence secured solely within the entity. (D)The independent auditors' direct personal knowledge, obtained through observation and inspection, is more persuasive than information obtained indirectly.
- 12.The auditors' responsibility to express an opinion on the financial statements is (A)Implicitly represented in the auditors' standard report. (B)Explicitly represented in the introductory paragraph of the auditors' standard report. (C)Explicitly represented in the scope paragraph of the auditors' standard report. (D)Explicitly represented in the opinion paragraph of the auditors' standard report.
- 13.Which of the following procedures would an auditor most likely perform in planning a financial statement audit? (A)Inquiring of the client's legal counsel concerning pending litigation. (B)Comparing the financial statements to anticipated results. (C)Examining computer-generated exception reports to verify the effectiveness of internal controls. (D)Searching for unauthorized transactions that may aid in detecting unrecorded liabilities.
- 14.Errors in data processed in a batch computer system may not be detected immediately because (A)Transaction trails in a batch system are available for only a limited period of time. (B)There are time delays in processing transactions in a batch system. (C)Errors in some transactions cause rejection of other transactions in the batch. (D)Random errors are more likely in a batch system than in an online system.
- 15.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.
- 16.Generally accepted auditing standards state that analytical procedures (A)Should be applied in the planning and final review stages of the audit and as a substantive test during the audit. (B)Should be applied in the planning and final review stages of the audit and can be used as a substantive test during the audit. (C)Should be applied in the planning stage and can be applied as a substantive test in the final review stage. (D)Should be applied in the final review stage and can be applied as a substantive test in the planning stage.
- 17.To satisfy the valuation assertion when auditing an investment in another company that is publicly and actively traded, an auditor most likely would seek to (A)Inspect the stock certificates evidencing the investment. (B)Examine the audited financial statements of the investee company. (C)Review the broker's advice or canceled check for the investment's acquisition. (D)Obtain market quotations from The Wall Street Journal or another independent source.
- 18.The acceptable level of detection risk is inversely related to the (A)Assurance provided by substantive tests. (B)Risk of misapplying audit procedures. (C)Preliminary judgment about materiality levels. (D)Risk of failing to discover material misstatements.
- 19.An auditor who encounters significant risks at the client should do all of the following except (A)Inform the SEC. (B)Perform extended procedures. (C)Include more experienced auditors on the engagement. (D)Perform tests closer to year-end.
- 20.In general, most fraudulent companies will prepare financial statements that are materially misleading by doing all of the following except (A)Understate revenues and assets. (B)Understate expenses and liabilities. (C>Show financial performance better than industry average. (D)Have performance exactly meet announced targets.
- 21.An internal control program for understanding the client's inherent risk and control risk would not include which of the following procedures? (A)Communicate with predecessor auditors. (B)Study previous year audit



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- documentation. (C)Evaluate the competence and independence of the internal auditors. (D)Obtain written representation from the client concerning collectability of receivables.
22. Which of the following is not required by AU 240, "Consideration of Fraud in a Financial Statement Audit"? (A)Conduct a continuing assessment of the risks of material misstatement due to fraud throughout the audit. (B)Conduct a discussion by the audit team of the risks of material misstatement due to fraud. (C)Conduct the audit with professional skepticism, which includes an attitude that assumes balances are incorrect until verified by the auditor. (D)Conduct inquiries of shareholders as to their views about the risks of fraud and their knowledge of any fraud or suspected fraud.
23. Experience has shown that the many large fraudulent transactions can be found in (A)Systematic processing of large volumes of day-to-day ordinary transactions. (B)Payroll fraudsters' mistakes in using unissued Social Security numbers. (C)Petty cash embezzlements. (D)Nonroutine, nonsystematic journal entries.
24. Inherent risk and control risk differ from detection risk in that inherent risk and control risk are (A)Elements of audit risk whereas detection risk is not. (B)Changed at the auditor's discretion whereas detection risk is not. (C)Considered at the individual account balance level whereas detection risk is not. (D)Functions of the client and its environment whereas detection risk is not.
25. Which of the following engagement planning procedures would most likely assist the auditor in identifying related-party transactions before the balance-sheet date? (A)Interviewing internal auditors about their reporting responsibilities. (B)Reviewing accounting records for recurring transactions occurring near year-end. (C)Inspecting communications with the client's legal counsel regarding recorded contingent liabilities. (D)Scanning the minutes for significant transactions with members of the board of directors.
26. Which of the following statements is not true with respect to the auditors' report on internal control over financial reporting? (A)The report will be dated as of the date of the financial statements. (B)The report will express an opinion on the effectiveness of internal control over financial reporting. (C)The auditor will issue an adverse opinion if one or more material weaknesses exist. (D)The report may be presented with the report on the entity's financial statements as a combined report.
27. The purpose of separating the duties of hiring personnel and distributing payroll checks is to separate the (A)Authorization of transactions from the custody of related assets. (B)Operational responsibility from the record-keeping responsibility. (C)Human resources function from the controllership function. (D)Administrative controls from the internal accounting controls.
28. The most effective audit procedure for determining the collectability of an account receivable is the (A)Review of the subsequent cash collections. (B)Examination of the related sales invoice(s). (C)Confirmation of the account. (D)Review of authorization of credit sales to the customer and the previous history of collections.
29. An auditor confirms a representative number of open accounts receivable as of December 31 and investigates respondents' exceptions and comments. By this procedure, the auditor would be most likely to learn of which of the following? (A)One of the cashiers has been covering a personal embezzlement by lapping. (B)One of the sales clerks has not been preparing charge slips for credit sales to family and friends. (C)One of the IT control clerks has been removing all sales invoices applicable to his account from the data file. (D)The credit manager has misappropriated remittances from customers whose accounts have been written off.
30. When completing the audit of internal controls for an issuer, AS 5 requires auditors to test (A)Operating effectiveness only. (B)Design effectiveness only. (C)Both operating and design effectiveness. (D)Neither operating nor design effectiveness.

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31. Which of the following is least indicative of fraudulent activity? (A) Numerous cash refunds have been made to different people at the same post office box address. (B) Internal auditors cannot locate several credit memos to support reductions of customers' balances. (C) Bank reconciliation has no outstanding checks or deposits older than 15 days. (D) Three people were absent the day the auditors handed out the paychecks and have not picked them up four weeks later.
32. When counting cash on hand the auditor must exercise simultaneous control over all cash and other negotiable assets to prevent (A) Theft. (B) Irregular endorsement. (C) Replacement or substitution of stolen assets. (D) Deposits in transit.
33. An audit team most likely would assess control risk at the maximum if the payroll department supervisor is responsible for (A) Examining authorization forms for new employees. (B) Comparing payroll registers with original batch transmittal data. (C) Authorizing payroll rate changes for all employees. (D) Hiring all subordinate payroll department employees.
34. A large retail enterprise has established a policy that requires the paymaster to deliver all unclaimed payroll checks to the internal audit department at the end of each payroll distribution day. This policy was most likely adopted to (A) Ensure that employees who were absent on a payroll distribution day are not paid for that day. (B) Prevent the paymaster from cashing checks that are unclaimed for several weeks. (C) Prevent a bona fide employee's check from being claimed by another employee. (D) Detect any fictitious employee who may have been placed on the payroll.
35. Which of the following would probably not be considered an indication of a material weakness? (A) Evidence of a material misstatement. (B) Ineffective oversight by the audit committee. (C) Immaterial fraud committed by senior management. (D) Overproduction by the manufacturing plant.
36. Which of the following internal control activities most likely addresses the completeness assertion for inventory? (A) The work-in-process account is periodically reconciled with subsidiary inventory records. (B) Employees responsible for custody of finished goods do not perform the receiving function. (C) Receiving reports are prenumbered and the numbering sequence is checked periodically. (D) There is a separation of duties between the payroll department and inventory accounting personnel.
37. In an audit test of recorded interest expense and accrued interest, the auditor was able to detect that the recorded interest expense was higher than the calculations showed. This may indicate (A) A failure to accrue interest occurred. (B) Interest payments are in default. (C) Interest payments were charged to another account. (D) Interest was paid on an unknown debt or unrecorded liability.
38. Which of the following procedures would auditors most likely perform to obtain evidence about the occurrence of subsequent events? (A) Confirming a sample of material accounts receivable established after year-end. (B) Comparing the financial statements being reported on with those of the prior period. (C) Reading minutes of meetings of owners, management, or those charged with governance held after the date of the financial statements. (D) Inquiring as to whether any unusual adjustments were made after year-end.
39. Accountants are permitted to express "negative assurance" in which of the following reports? (A) Standard unqualified audit report on audited financial statements. (B) Compilation report on unaudited financial statements. (C) Review report on unaudited financial statements. (D) Adverse opinion report on audited financial statements.
40. A type of sampling application in which a relatively small initial sample is examined and decisions regarding expanding that sample are based on the results of this initial sample is known as (A) Attributes sampling. (B) Discovery sampling. (C) Sequential sampling. (D) Statistical sampling.



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II. Smith and Jones, CPAs, audited the consolidated financial statements of Concord Inc. and all but one of its subsidiaries for the year ended September 30, 2012 and are expressing an unqualified opinion on the financials presented as a whole.

Smith, the engagement partner, instructed Mary, an assistant on the engagement, to draft the auditor's report on November 4, 2012, the date of fieldwork completion. In drafting the report Mary considered the following:

- In preparing its financial statements, Concord changed its method of accounting for research and development costs and properly expensed these amounts. Management described the change in principle in Note 10 to the consolidated financial statements.
- Ball & Brown, CPAs, audited the financial statements of Biotherm, Inc., a consolidated subsidiary of Concord for the year ended September 30, 2012. The subsidiary's financial statements reflect total assets of 22% and total revenues of 20% of the consolidated totals. Ball & Brown expressed an unqualified opinion and furnished to Smith & Jones a copy of their auditor report. Smith & Jones have decided not to assume responsibility for the work of Ball & Brown insofar as it relates to the expression of an opinion on the consolidated financial statements taken as a whole because of the materiality of Biotherm's financial statements to the consolidated whole. Ball & Brown's report will not be presented together with that of Smith & Jones.
- Concord is the subject of a grand jury investigation into possible violations of federal antitrust laws and possible related crimes. Related civil class actions are pending. Concord's management has adequately disclosed in Note 12 to their consolidated financial statements. Because of the early stage of the investigation, the ultimate outcome of these matters cannot be determined at this time. Therefore, no provision for any liability that may result has been recorded.
- Concord experienced a net loss in 2012 and is currently in default under substantially all of its debt agreements. Management's plans in regard to these matters are adequately disclosed in Note 14 to Concord's consolidated financial statements. The financials do not include any adjustments that might result from the outcome of this uncertainty. These matters raise substantial doubt about Concord's ability to continue as a going concern.

Smith reviewed Mary's draft and indicated in his review notes that there were many deficiencies in Mary's Draft. The audit report that Mary drafted follows.

#### *Independent Auditor's Report*

We have audited the consolidated financial statements of Concord, Inc., and subsidiaries as of September 30, 2012, and the related consolidated statements of income, changes in stockholders equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of Biotherm, Inc., a wholly-owned subsidiary, which statements reflect total assets and revenues constituting 22% and 20% respectively at September 30, 2011 of the consolidated totals. Those statements were audited by Ball & Brown, CPAs, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for Biotherm, Inc. is based solely on their report.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used, as well as assessing control risk. We

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believe our audits provide a reasonable basis for our opinion.

In our opinion, based on our audit and the report of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Concord Inc., as of September 30, 2012 in conformity with generally accepted accounting principles, except for the uncertainty, which is discussed in Note 12 to the consolidated financials.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue in existence for a reasonable period of time. As discussed in Note 14 to the consolidated financial statements, the Company suffered a net loss and is currently in default under substantially all of its debt agreements. Management's plans in regard to these matters are also described in Note 14. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Smith & Jones, CPAs  
November 4, 2012

The following items present deficiencies in the drafted audit report noted by Smith.

*Smith's Review Notes*

- (1) An explanatory paragraph is required between the scope and opinion paragraphs for the change in accounting principles referring the reader to Note 10.
- (2) The names of the other auditors do not need to be explicitly stated in the introductory paragraph. Only that "other auditors" performed the audit and provided their report.
- (3) The opinion paragraph should extend the auditor's opinion beyond financial position to include the results of Concord's operations and cash flows.
- (4) The reference to the uncertainty in the opinion paragraph is incomplete. It should describe the nature of the uncertainty as pertaining to the grand jury investigation into possible violations of federal antitrust laws.
- (5) The explanatory paragraph following the opinion paragraph does not include the terms "substantial doubt" and "going concern". These terms are required to be used in this paragraph.
- (6) The explanatory paragraph following the opinion paragraph includes an inappropriate statement that "the consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty." This statement is misleading and should be omitted.

**Required:** For each deficiency, indicate whether (12%)

S. Smith's review note is correct

M. Mary's draft is correct

- III、D. Rome, CPA is conducting a classical variables sampling application on a client's accounts receivable recorded at \$3,000,000. These receivables are composed of 5,000 customer accounts. Assume that Rome identified an acceptable level of the risk of incorrect acceptance of 5 percent, determined a sample size of 100, and confirmed the accounts with the client's customers. Rome's substantive procedures indicated that the average audited value was \$590 per account.

**Required:** (8%)

- (1) Determine the sample estimate of the client's accounts receivable. (3%)
- (2) If the standard deviation of sample estimates is \$30, calculate the precision. (3%)
- (3) Calculate the precision interval. (2%)

End of Exam!  
試題結束!