

※ 考生請注意：本試題不可使用計算機。請於答案卷(卡)作答，於本試題紙上作答者，不予計分。

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

1. Which of the following is least likely to render material a quantitatively small misstatement material?
 - A. Affects the registrant's compliance with regulatory requirements.
 - B. Masks a change in earnings or other trends.
 - C. Arises from an item not capable of precise measurement.
 - D. The transaction involves a related party.

2. Which of the following is *least* likely to result in an emphasis-of-matter paragraph being added to an unmodified auditor's report on the financial statements of a client that sells jewelry through a retail store?
 - A. A decision by the auditor to emphasize that the client is a part of a larger organization.
 - B. Reliance placed upon a specialist to evaluate the diamonds.
 - C. A change from FIFO to specific identification accounting for inventory.
 - D. A question as to whether the client will be able to remain a going concern.

3. Which of the following is *not* one of the independent auditor's objectives regarding the examination of inventories?
 - A. Verifying that inventory counted is owned by the client.
 - B. Verifying that the client has used proper inventory pricing.
 - C. Ascertaining the physical quantities of inventory on hand.
 - D. Verifying that all inventory owned by the client is on hand at the time of the count.

4. If the independent auditors decide that the work performed by the internal auditors may have a bearing on their own procedures, they should consider the internal auditors':
 - A. Competence and objectivity.
 - B. Efficiency and experience.
 - C. Independence and review skills.
 - D. Training and supervisory skills.

5. Which of the following is *least* likely to be structured as an attest engagement?
 - A. An elder care engagement.
 - B. A SysTrust engagement.
 - C. An examination of internal control over financial reporting for a nonpublic company.
 - D. A review of management's discussion and analysis.

6. Hark, CPA, negligently failed to follow generally accepted auditing standards in auditing Long

Corporation's financial statements. Long's president told Hark that the audited financial statements would be submitted to several, at this point undetermined, banks to obtain financing. Relying on the statements, Third Bank gave Long a loan. Long defaulted on the loan. In jurisdiction applying the Ultramares decision, if Third sues Hark, Hark will:

- A. Win because there was no privity of contract between Hark and Third.
 - B. Lose because Hark knew that a bank would be relaying the financial statements.
 - C. Win because Third was contributory negligent in granting the loan.
 - D. Lose because Hark was negligent in performing the audit.
7. In a manufacturing company which one of the following audit procedures would give the *least* assurance of the existence of the assets in the general ledger balance of investment in stocks and bonds at the audit date?
- A. Confirmation from the broker.
 - B. Inspection of year-end brokers' statements.
 - C. Vouching all changes during the year to brokers' advises and statements.
 - D. Examination of paid checks issued in payment of securities purchased.
8. Which statement is correct with respect to continuing professional education (CPE) requirements of members of the AICPA?
- A. Only members employed by the AICPA are required to take such courses.
 - B. Only members in public practice are required to take such courses.
 - C. Members, regardless of whether they are in public practice, are required to meet such requirements.
 - D. There is no requirement for members to participate in CPE.
9. Which is least likely to be a question asked of employee personnel during a walkthrough?
- A. Have you ever been asked+ to override the process?
 - B. Have you assessed the operating effectiveness of the system?
 - C. What do you do when you find an error?
 - D. What are you looking for to determine if there is an error?
10. As compared with the US public company audit report, the international audit report:
- A. Is shorter in length.
 - B. Includes enhanced explanation of the audit process.
 - C. Includes the name of the partner and managers on the audit, while the US report includes only the CPA firm name.
 - D. Is dated as of year-end, whereas the US report is dated as of the last date of significant field work.
11. During its fiscal year, a company issued, at a discount, a substantial amount of first-mortgage bonds.

- When performing audit work in connection with the bond issue, the independent auditor should:
- A. Confirm the existence of the bondholders.
 - B. Review the minutes for authorization.
 - C. Trace the net cash received from the issuance to the bond revenue account.
 - D. Inspect the records maintained by the bond trustee.
12. An accounting association established a code of ethics for all members. The most likely primary purpose for establishing the code of ethics was to:
- A. Outline criteria for professional behavior to maintain standards of competence, morality, honesty, and dignity within the association.
 - B. Establish standards to follow for effective accounting practice.
 - C. Provide a framework within which accounting policies could be effectively developed and executed.
 - D. Outline criteria that can be utilized in conducting interviews of potential new accountants.
13. Which of the following is not a financial statement assertion relating to account balances?
- A. Completeness
 - B. Existence.
 - C. Rights and obligations.
 - D. Recorded value and discounts.
14. The purpose of using generalized computer programs is to test and analyze a client's computer:
- A. Systems.
 - B. Equipment.
 - C. Records.
 - D. Processing logic.
15. Which of the following statements is correct concerning probability-proportional-to-size sampling?
- A. The sampling distribution should approximate the normal distribution.
 - B. The auditors control the risk of incorrect rejection by specifying that risk level for the sampling plan.
 - C. The sampling interval is calculated by dividing the population book value by the sample size.
 - D. The auditors control the risk of incorrect acceptance by incorporating an expected misstatement into the sample size formula.
16. Which of the following situations would most likely require special audit planning by the auditors?
- A. Some items of factory and office equipment do not bear identification numbers.
 - B. Depreciation methods used on the client's tax return differ from those used on the books.
 - C. Assets costing less than \$500 are expensed even though the expected life exceeds one year.

D. Inventory is comprised of precious stones.

17. For good internal control, a copy of a receiving report should be sent to all of the following departments *except*:

- A. Accounts payable.
- B. Purchasing.
- C. Stores.
- D. Shipping.

18. Which of the following is not one of the criteria for revenue recognition?

- A. Collectibility is certain.
- B. Delivery has occurred or services have been rendered.
- C. Evidence of an arrangement exists and is persuasive.
- D. A fixed or determinable price to buyer exists.

19. In which of the following circumstances would a covered member be considered independent when performing the audit of the financial statements of a new client for the year ended December 31, 20X3?

- A. The covered member resigned on January 17, 20X3 from the board of directors of the client, prior to accepting the new audit engagement.
- B. The covered member continues to hold an immaterial indirect financial interest in the client.
- C. The covered member continues to serve as a trustee for the client's pension plan and has the authority to make investment decisions.
- D. The covered member's spouse owns an immaterial amount of shares of common stock in the client.

20. Which of the following is the best evidence of continuous ownership of property?

- A. Examination of the deed.
- B. Examination of the title policy
- C. Examination of rent receipts from lessees of the property..
- D. Examination of canceled check in payment for the property.

PART II: Problems and Analysis

1. (10%) 請你以淺顯但具邏輯系統的方式介紹什麼是審計。

2. Marilyn Terrill is the senior auditor for the audit of Uden Supply Company for the year ended December 31, 20X4. In planning the audit, Marilyn is attempting to develop expectations for planning analytical procedures based on the financial information for prior years and her knowledge of the business and the industry, including:

UDEN SUPPLY COMPANY				
Comparative Income Statements				
Years Ended December 20X1, 20X2, and 20X3				
(Thousands)				
	20X1	20X2	20X3	20X4
	Audited	Audited	Audited	Expecte d
Sales	8,700	9,400	10,100	_____
Cost of goods sold	<u>6,000</u>	<u>6,500</u>	<u>7,000</u>	_____
Gross profit	2,700	2,900	3,100	_____
Sales commissions	610	660	710	_____
Advertising	175	190	202	_____
Salaries	1,061	1,082	1,103	_____
Payroll taxes	184	192	199	_____
Employee benefits	167	174	181	_____
Rent	60	61	62	_____
Depreciation	60	63	66	_____
Supplies	26	28	30	_____
Utilities	21	22	23	_____
Legal and accounting	34	37	40	_____
Miscellaneous	12	13	14	_____
Interest expense	<u>210</u>	<u>228</u>	<u>240</u>	_____
Net income before taxes	80	150	230	_____
Income taxes	<u>18</u>	<u>33</u>	<u>50</u>	_____
Net income	<u>62</u>	<u>117</u>	<u>180</u>	_____

- (1). Based on economic conditions, she believes that the increase in sales for the current year should approximate the historical trend.
- (2). Based on her knowledge of industry trends, she believes that the gross profit for 20X4 should be about 2 percent less than the percentage for 20X3.
- (3). Based on her knowledge of regulations, she is aware that the effective tax rate for the company for 20X4 has been reduced by 5 percent from that in 20X3.
- (4). Based on a review of the general ledger, she determined that average depreciable assets have increased by 10 percent.
- (5). Based on her knowledge of economic conditions, she is aware that the effective interest rate on the company's line of credit for 20X4 was approximately 12 percent. The average outstanding balance of the line of credit is \$2,300,000 This line of credit is the company's only interest-bearing debt.
- (6). Based on her discussions with management and her knowledge of the industry, she believes that the

amount of other expenses should be consistent with the trends from prior years.

Comparative income statement information for Uden Supply Company is presented in the accompanying table.

- a. Describe the purpose of analytical procedures performed in the risk assessment stage of the audit. (4%)
- b. Develop the expected amounts for 20X4 for each of the income statement items.(10%)
- c. Uden's unaudited financial statements for the current year show a 31 percent gross profit rate. Assuming that this represents a misstatement from the amount that you developed as an expectation, calculate the estimated effect of this misstatement on net income before taxes for 20X4.(3%)
- d. Indicate whether you believe that the difference calculated in part (C) is material. Explain your answer.(3%)

3. (10%) Flemco has made a series of transfers between bank accounts near year-end, some through inter-bank wired transfers and some through checks. You have audited the wired transfers and agree that they have been properly stated and now have the following schedule of transfers between cash accounts made using checks. You may assume that dates per bank are correct, and that dates per books are the dates the transactions were recorded in the books.

<u>Check number</u>	<u>Bank accounts</u>		<u>Amount</u>	<u>Date disbursed per:</u>		<u>Date deposited per:</u>	
	<u>From</u>	<u>To</u>		<u>Books</u>	<u>Bank</u>	<u>Books</u>	<u>Bank</u>
4040	1st Nat.	Suburban	\$112,000	12/31	1/5	1/3	1/3
3270	Valley	Midburg	62,500	12/31	1/3	12/31	12/31
4041	1st Nat.	Capital	121,000	1/2	1/4	12/31	1/3
3271	Valley	Suburban	16,500	1/3	1/5	1/3	12/30
0700	Midburg	Suburban	15,800	12/30	1/5	12/30	1/3

Analyze each of the above transfers and determine whether you believe each causes total cash to most likely be correct, overstated, or understated as of year-end.

<u>Question #</u>	<u>Check number</u>	<u>As a result of the transfer, total cash at December 31 appears to be</u>		
		<u>Correct</u>	<u>Overstated</u>	<u>Understated</u>
1.	4040			
2.	3270			
3.	4041			
4.	3271			
5.	0700			