

國立成功大學

111學年度碩士班招生考試試題

編 號： 225

系 所： 會計學系

科 目： 審計學

日 期： 0220

節 次： 第 2 節

備 註： 不可使用計算機

※ 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) (75 points)

1. Which of the following is an instance where the auditor would add a paragraph in a report expressing an unqualified opinion?
  - a. There is serious doubt that the client can continue as a going concern.
  - b. Management's disclosures are not adequate.
  - c. There are significant uncertainties that are not properly disclosed in the footnotes.
  - d. There is a material dollar misstatement in the financial statements.
  
2. A practical and effective audit procedure for the detection of lapping is:
  - a. Preparing an interbank transfer schedule.
  - b. Comparing recorded cash receipts in detail against items making up the bank deposit as shown on duplicate deposit slips validated by the bank.
  - c. Tracing recorded cash receipts to postings in customers' ledger cards.
  - d. Preparing a proof of cash.
  
3. The accounts payable department receives the purchase order form to accomplish all of the following except:
  - a. Compare invoice price to purchase order price.
  - b. Ensure the purchase had been properly authorized.
  - c. Ensure the goods had been received by the party requesting the goods.
  - d. Compare quantity ordered to quantity purchased.
  
4. The SEC reporting requirement that a public company prepare a report in which it acknowledges its responsibility for establishing and maintaining accurate internal control and to assess internal control effectiveness in general applies to which companies?
  - a. Only public companies controlled by foreign investors.
  - b. Public companies with a market capitalization in excess of \$75,000,000.
  - c. All public nonfinancial companies.
  - d. All public companies.

5. Which of the following is most likely to be considered a material weakness in internal control?
- a. Immaterial fraud committed by senior management.
  - b. Restatement of previously issued financial statements due to a change in accounting principles.
  - c. Inadequate controls over non-systematic transactions.
  - d. Weaknesses in risk assessment.
6. If a company failed to record goods returned by customers near year end, the auditors would most likely discover this issue by:
- a. Reviewing records of sales returns.
  - b. Confirming accounts receivable.
  - c. Examining sales orders.
  - d. Reviewing the accounts receivable subsidiary ledger.
7. When a financial forecast fails to disclose a significant assumption used to prepare that forecast, which of the following reports become appropriate?
- |        | Qualified | Adverse |
|--------|-----------|---------|
| A. Yes | Yes       |         |
| B. Yes | No        |         |
| C. No  | Yes       |         |
| D. No  | No        |         |
- a. Option A
  - b. Option B
  - c. Option C
  - d. Option D
8. If a client expensed the acquisition cost of some assets that should have been capitalized and depreciated over their useful lives, which of the following would be **incorrect**?
- a. A qualified opinion would be appropriate.
  - b. The opinion paragraph should be modified to include language such as: "except for the effects of not capitalizing the acquisition costs of some assets..."
  - c. An explanatory paragraph should include the effects of the subject matter of the qualification, where practicable.
  - d. An explanatory paragraph should be modified to include language such as: "subject to the qualified act..."

9. Which of the following statements regarding audit evidence is generally correct?
- The auditor's direct personal knowledge, obtained through observation and inspection, is more persuasive than information obtained indirectly from independent outside sources.
  - To be appropriate, audit evidence must be sufficient.
  - Accounting data alone may be considered sufficient appropriate audit evidence to issue an unqualified opinion on financial statements.
  - Appropriateness of audit evidence refers to the amount of corroborative evidence to be obtained
10. If an accounting change has no material effect on the financial statements in the current year, but the change is reasonably certain to have a material effect in later years, the change should be:
- Referred to in the auditor's report for the current year.
  - Disclosed in the notes to the financial statements of the current year.
  - Disclosed in the notes to the financial statements and referred to in the auditor's report for the current year.
  - Treated as a subsequent event.
11. Which of the following is not a reason why an auditor obtains an understanding of internal controls?
- Understanding the entity's internal control is a requirement of professional auditing standards.
  - The auditor must use the information to assess the risk of material misstatements arising from the lack of internal control.
  - It is the primary basis for the audit report.
  - It assists the auditor in designing the nature, timing, and extent of further audit procedures.
12. An auditor wishes to estimate inventory shrinkage by weighing a sample of inventory items. From experience, the auditor knows that a few specific items are subject to unusually large amounts of shrinkage. In using statistical sampling, the auditor's best course of action is to:
- Eliminate any of the items known to be subject to unusually large amounts of shrinkage.
  - Increase the sample size to lessen the effect of the items subject to unusually large amounts of shrinkage.
  - Stratify the inventory population so that items subject to unusually large amounts of shrinkage are reviewed separately.
  - Continue to draw new samples until a sample is drawn which includes none of the items known to be subject to large amounts of shrinkage.

13. Once a CPA has determined that accounts receivable have increased due to slow collections in a "tight money" environment, the CPA would be likely to:
- a. Increase the balance in the allowance for bad debts accounts.
  - b. Review the going concern ramifications.
  - c. Review the credit and collection policy.
  - d. Expand tests of collectability.
14. Which of the following would **not** be included in a CPA's report based upon a review of the financial statements of a nonpublic entity?
- a. A statement that the review was in accordance with generally accepted auditing standards.
  - b. A statement that all information included in the financial statements are the representations of management.
  - c. A statement describing the nature of the procedures performed.
  - d. A statement describing the auditor's conclusions based upon the results of the review.
15. Which of the following factors would most likely be considered an inherent limitation to an entity's internal control?
- a. The complexity of the information processing system.
  - b. Human judgment in the decision making process.
  - c. The ineffectiveness of the board of directors.
  - d. The lack of management incentives to improve the control environment.
16. In pursuing a CPA firm's quality control objectives, a CPA firm may maintain records indicating which partners or employees of the CPA firm were previously employed by the CPA firm's clients. Which quality control objective would this be most likely to satisfy?
- a. Acceptance and continuance of clients and engagements.
  - b. Engagement performance.
  - c. Personnel management.
  - d. Relevant ethical requirements.
17. When performing an internal control audit under PCAOB standards, one or more material weaknesses in internal control that exist at year-end will result in what type of report(s)?
- | Qualified | Disclaimer |
|-----------|------------|
| A. Yes    | Yes        |
| B. Yes    | No         |
| C. No     | Yes        |
| D. No     | No         |

- a. Option A
- b. Option B
- c. Option C
- d. Option D

18. When a client engages in transactions involving derivatives, the auditor should:

- a. Review agreements underlying the derivative.
- b. Confirm with the client's broker whether the derivatives are for trading purposes.
- c. Notify the audit committee about the risks involved in derivative transactions.
- d. Add an explanatory paragraph to the auditor's report describing the risks associated with each derivative.

19. Which of the following is a method of reducing nonsampling risk?

- a. Proper supervision and instruction of the client's employees.
- b. Proper supervision and instruction of the audit team.
- c. The use of attributes sampling rather than variables sampling.
- d. Controls to ensure that the sample drawn is random and representative.

20. Bugle Corp. approved a plan of merger with Stanley Corp. One of the determining factors in approving the merger was the strong financial statements of Stanley which were audited by Dennis & Co., CPAs. Bugle had engaged Dennis to audit Stanley's financial statements. While performing the audit, Dennis failed to discover certain instances of fraud which have subsequently caused Bugle to suffer substantial losses. In order for Dennis to be liable under common law, Bugle, at a minimum, must prove that Dennis:

- a. Acted recklessly or with lack of reasonable grounds for belief.
- b. Knew of the instances of fraud.
- c. Failed to exercise due care.
- d. Was grossly negligent.

21. In cases of a publicly traded company audit in the United States, when International Standards on Auditing (ISAs) conflict with the PCAOB, standards, which of the following is correct?

- a. The ISA is applicable.
- b. The PCAOB standard is applicable.



- c. The substance of the conflict should be analyzed, and the ISA or PCAOB treatment that seems more appropriate is applicable.
- d. Both sets of standards have equal applicability.
22. Which of the following is *not* a basic approach often used by auditors to evaluate the reasonableness of accounting estimates?
- a. Observation of procedures.
- b. Review of management's process of development.
- c. Independent development of an estimate.
- d. Review of subsequent events.
23. 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.
24. If management refuses to furnish certain written representations that the auditor believes are essential, which of the following is appropriate?
- a. The auditor can rely on oral evidence relating to the matter as a basis for an unmodified (unqualified) opinion.
- b. The client's refusal does not constitute a scope limitation that may lead to a modification of the opinion.
- c. This may have an effect on the auditor's ability to rely on other representations of management.
- d. The auditor should issue an adverse opinion because of management's refusal.
25. In which of the following accounts would one expect a related party transaction to be easiest to detect?
- a. Accounts receivable.
- b. Accounts payable.
- c. Notes payable.
- d. Cash.

## PART II: Problems and Analysis

1. Following are the auditor's calculations of several key ratios for Cragston Star Products. The primary purpose of this information is to understand the client's business and assess the risk of financial failure, but any other relevant conclusions are also desirable.

Ratio	2019	2018	2017	2016	2015
1. Current ratio	2.08	2.26	2.51	2.43	2.50
2. Quick ratio	0.97	1.34	1.82	1.76	1.64
3. Times interest earned	3.50	3.20	4.10	5.30	7.10
4. Accounts receivable turnover	4.20	5.50	4.10	5.40	5.60
5. Days to collect receivables	86.90	66.36	89.02	67.59	65.18
6. Inventory turnover	2.03	1.84	2.68	3.34	3.36
7. Days to sell inventory	179.80	198.37	136.19	109.28	108.63
8. Net sales divided by tangible assets	0.68	0.64	0.73	0.69	0.67
9. Profit margin	0.13	0.14	0.16	0.15	0.14
10. Return on assets	0.09	0.09	0.12	0.10	0.09
11. Return on equity	0.05	0.06	0.10	0.10	0.11
12. Earnings per share	\$4.30	\$4.26	\$4.49	\$4.26	\$4.14

**Required:**

- a. What major conclusions can be drawn from this information about the company's future? (7%)
  - b. Based on the preceding ratios, which aspects of the company do you believe should receive special emphasis in the audit? (8%)
2. (10%) The choice of which types of tests to use and how extensively they need to be performed can vary widely among audit for differing levels of internal control effectiveness and inherent risk. Even within a given audit variations may occur from cycle to cycle. To obtain sufficient appropriate evidence in response to risks identified through risk assessment procedures, auditors employ a combination of the four remaining types of tests. This combination is often called the evidence mix, which is illustrated in Table 1 for four different U. S. audit clients. In each case, assume that sufficient appropriate evidence was accumulated.

**Required:**

In each audit, you should be able to analyze and determine the description of the client from the evidence mix in Table 1.



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Table 1 Variations in Evidence Mix

	Tests of Controls	Substantive Tests of Transactions	Substantive Analytical Procedures	Tests of Details of Balances
Audit 1	E	S	E	S
Audit 2	M	M	E	M
Audit 3	N	E	M	E
Audit 4	M	E	E	E

E = Extensive amount of testing; M = Medium amount of testing; S = Small amount of testing; N = No testing.