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Test of Controls and Test of Details are always performed on the basis of transaction-related audit objective (Existence, Completeness, Accuracy, Classification, Timing, Posting and summarization) and balance-related audit objective (Existence, Completeness, Accuracy, Classification, Cut off, Realizable value, Right, Presentation and disclosure, Detail tie-in) respectively. The following items are procedures for test of controls or test of details. Please identify what objective is satisfied by each of the following test. Organize your answer as follows:

Test No.	Audit Objective
(1)	
(10)	

Test of Controls

- (1) Trace sales journal entries to copies of sales order, sales invoice, and shipping document.
- (2) Compare dates of recorded sales transaction with dates on shipping records.
- (3) Trace from files of receiving reports and vendors' invoice to the acquisitions journal.
- (4) Compare recorded transaction in the acquisitions journal with the vendors' invoice, receiving report, and other supporting documentation.
- (5) Compare canceled check with payroll journal for name, amount, and date.

Test of Details

- (6) Select the last 5 sales transactions from the current year's sales journal and the first 5 from subsequent year's and trace each to the related shipment and the correct recording.
- (7) Physically examine fixed assets acquired during the year.
- (8) Review the minutes of the board of directors meeting for any indication of pledged or factored account receivable.
- (9) Review the list and master file of account payable for related parties, notes or other interest-bearing liabilities, long-term payable, and debit balance.
- (10) Trace the total of each account to the general ledger.

- 二,
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1. Please explain "planned detection risk" (PDR) and "control risk" and how to compute PDR.
 2. Please list five procedures to audit out-of-period liabilities.
 3. The followings are part of communications from the auditor to the client. Please explain the meaning of the term and their purposes.
 - (1) Engagement letter
 - (2) Reportable conditions
 - (3) Representation letter from management

三. 以下所列係你於八十三年度執行各公司審計工作時所發現十個獨立狀況，除該狀況外，並沒有其他任何之例外影響會計師查核報告書之內容，查核報告書及審計工作係按照我國審計準則之規定執行。

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- A. 當你查核 A 公司之長期投資時，發現 A 公司持 B 公司之股權佔 10%，B 公司業已持續產生虧損數年，八十三年底該公司每股淨值業已重大低於 A 公司當初投資之每股成本，A 公司認為因係採成本法評價，故不必認列任何之損失。
- B. 當你完成對自強公司之查核後發現有三項錯誤之情形，此三項錯誤每項皆小於 Tolerable Misstatement 但三項之和略高於所設定之 Materiality，因其每項皆小於 TM，故自強公司認為不必作任何調整。
- C. 立人公司因財務困難，故於八十三年度向法院申請重整，重整是否成功影響立人公司能否繼續經營，目前尚無法預測重整之結果。
- D. 金英公司八十三年十二月三十一日之應收帳款中有一金額甚大之客戶，八十四年初發生火災，致無力清償對金英公司之帳款，金英不願在八十三年度之報表上提列呆帳而只願意在附註中作說明。
- E. 通用公司八十三年度之銷售中有 80% 係對關係人之銷貨，經你查核後並未發現有任何異常現象。
- F. 新民公司於八十三年度初次委任你擔任查核會計師，你並於八十三年十二月三十一日觀察該公司之存貨盤點工作，但對於期初存貨你未能觀察盤點，亦未能採用其他方法加以查核。
- G. 清木公司於八十三年度發生二筆重大之資本租賃，但清木公司帳上係按營業租賃方式處理。
- H. 立華公司所編製報表中缺漏現金流量表，該公司認為該缺漏之報表係補助性質，故堅拒提供。
- I. 玉里公司持股達 90% 之子公司財務報表，係由其他會計師查核，該子公司之資產及收入佔母公司合併報表各該項目之比例達 40% 及 50%，你是玉里公司之會計師不打算承擔其他會計師工作之責任。
- J. 當你完成清華公司八十三年度之查核工作後，該公司管理當局拒絕提供客戶聲明書。

以下所列係二組你必須選擇之答案，第一組係報告之種類，第二組係敘述報告之內容及用語，請就上述十種獨立狀況於第一組及第二組之內容中選擇適當答案之號碼以下列格式作答。

狀 況	第 一 組	第 二 組
A		
J		

第一組：意見種類

1. 無保留意見
2. 保留意見
3. 相反意見
4. 拒絕表示意見
5. 保留意見或相反意見
6. 保留意見或拒絕表示意見
7. 拒絕表示意見或相反意見

第二組：報告之內容

8. 於範圍段及意見採標準用語，但在中間另加說明段
9. 在意見段後加列說明段，範圍段及意見段並採標準用語
10. 在意見段之前加列說明段，並修改意見段之用語
11. 在意見段之後加列說明段，並修改意見段用語
12. 在意見段之前加列說明段，並修改範圍段及意見段之用語
13. 在意見段之後加列說明段，並修改範圍段及意見段之用語
14. 在範圍段加述狀況，意見段係標準用語
15. 在範圍段及意見段加述狀況，其他不更改用語
16. 標準之報告內容，不作任何修正及填加
17. 在意見段中加述狀況，其餘不作任何修正及填加

四、選擇題。(每題 2%，共 30%)

1. Operational audits often have an objective of determining whether an entity's :
 - a. Internal control structure is adequately operating as designed.
 - b. Operational information is in accordance with generally accepted governmental auditing standards.
 - c. Financial statements present fairly the results of operations.
 - d. Specific operating units are functioning efficiently and effectively.

2. An " external peer review " is most likely to be performed by :
 - a. Employees and partners of the firm who are not associated with the audits being reviewed.
 - b. Audit review staff of the Securities and Exchange Commission.
 - c. Audit review staff of the American Institute of Certified Public Accountants.
 - d. Employees and partners of another CPA firm.

3. Of the following, which is the least persuasive type of audit evidence ?
 - a. Confirmations mailed by outsiders to the auditors.
 - b. Correspondence between the auditors and suppliers.
 - c. Copies of sales invoices inspected by the auditors.
 - d. Canceled checks returned in the year-end bank statement directly to the client.

4. A primary purpose of the auditor working papers is to :
 - a. Aid the auditors in adequately planning their work.
 - b. Provide a point of reference for future audit engagements.
 - c. Support the underlying concepts included in the preparation of the basis financial statements.
 - d. Support the auditors' opinion.

5. Which of the following forms of accountant association leads to a limited distribution report ?
 - a. Compilation.
 - b. Review.
 - c. Examination.
 - d. Agreed-upon procedures.

6. After completing the procedures to obtain an understanding of the internal control structure, the auditor decides not to assess control risk at less than the maximum. Documentation may be limited to the auditor's
 - a. Understanding of the internal control structure.
 - b. Reasons for deciding not to test controls.
 - c. Basis for concluding that errors and irregularities will be prevented.
 - d. Completed internal control questionnaire.

7. After obtaining an understanding of an entity's internal control structure and assessing control risk, an auditor may next
 - a. Perform tests of control to verify management's assertions that are embodied in the financial statements.
 - b. Consider whether evidential matter is available to support a further reduction in the assessed level of control risk.
 - c. Apply analytical procedures as substantive tests to validate the assessed level of control risk.
 - d. Evaluate whether the internal control structure policies and procedures detected material misstatements in the financial statements

8. Which of the following control procedures may prevent the failure to bill customer for some shipments ?
 - a. Each shipment should be supported by a prenumbered sales invoice that is accounted for.
 - b. Each sales order should be approved by authorized personnel.
 - c. Sales journal entries should be reconciled to daily sales summaries.
 - d. Each sales invoice should be supported by a shipping document.

9. Tracing bills of lading to sales invoice will provide evidence that
 - a. Recorded sales were shipped.
 - b. Invoiced sales were shipped.
 - c. Shipments to customers were invoiced.
 - d. Shipments to customers were recorded as sales.

10. Which of the following combinations results in a decrease in sample size in a sample for attributes ?

	Risk of <u>overreliance</u>	Tolerable <u>rate</u>	Expected population <u>exception rate</u>
a.	Increase	Decrease	Increase
b.	Decrease	Increase	Decrease
c.	Increase	Increase	Decrease
d.	Increase	Increase	Increase

11. Negative confirmation of accounts receivable is less effective than positive confirmation of accounts receivable because

- A majority of recipients usually lack the willingness to respond objectively.
- Some recipients may report incorrect balances that require extensive follow-up.
- The auditor can not infer that all nonrespondents have verified their account information.
- Negative confirmations do not produce evidential matter that is statistically quantifiable.

12. Auditors who prefer statistical sampling to nonstatistical sampling may do so because statistical sampling helps the auditor

- Measure the sufficiency of the evidential matter obtained.
- Eliminate subjectivity in the evaluation of sampling results.
- Reduce the level of tolerable misstatement to a relatively low amount.
- Minimize the failure to detect a material misstatement due to nonsampling risk.

13. A weakness in internal control procedures over recording retirements of equipment may cause the auditor to

- Inspect certain items of equipment in the plant and trace those items to the accounting records.
- Review the property master file to ascertain whether depreciation was taken on each item of equipment during the year.
- Trace additions to the " other assets " account to search for equipment that is still on hand but no longer being used.
- Select certain items of equipment from the accounting records and locate them in the plant.

14. When auditing merchandise inventory at year-end, the auditor performs a purchase cutoff test to obtain evidence that
- All goods purchased before year-end are received before the physical inventory count.
 - No goods held on consignment for customers are included in the inventory balance.
 - No goods observed during the physical count are pledged or sold.
 - All goods owned at year-end are included in the inventory balance.
15. An auditor ordinarily should send a standard confirmation request to all banks with which the client has done business during the year under audit, regardless of the year-end balance, because this procedure
- Provides for confirmation regarding compensating balance arrangements.
 - Detects kiting activities that may otherwise not be discovered.
 - Seeks information about indebtedness to the bank.
 - Verifies securities held by the bank in safekeeping.