



It all started with a check of the books by an internal auditor for WorldCom Inc. The telecom giant's newly installed chief executive officer had asked for a financial review, and the auditor was spot-checking records of capital expenditures. She found the company was using an unorthodox technique to account for one of its biggest expenses: charges paid to local telephone networks to complete long-distance calls.

Instead of recording these charges as operating expenses, WorldCom recorded a significant portion as capital expenditures. The maneuver was worth hundreds of millions of dollars to WorldCom's bottom line. It effectively turned a loss for all of 2001 and the first quarter of 2002 into a profit. The graph below (on next page) compares WorldCom's accounting to that under GAAP. Soon after this discovery, WorldCom filed for bankruptcy.

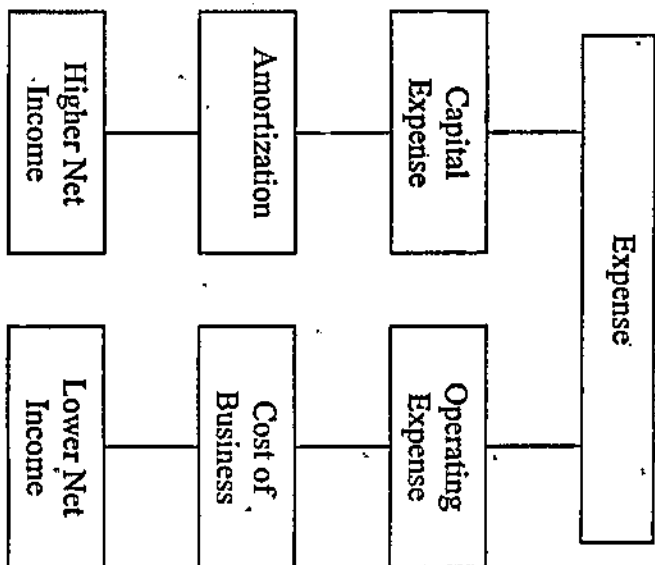
Required (You may answer in Chinese or in English.)

- (1). Please define capital expenditure. (3%)
- (2). What is bottom line? (2%)
- (3). Explain WorldCom's accounting by ①②③ in the graph above. (6%)
- (4). The orthodox technique is established by GAAP. Please describe the accounting of GAAP by ①②③ in the graph above. (6%)



WorldCom's
accounting

- ① Accounted for \$3.1 billion in "line costs," including telecom access and transport charges, as capital expenditures.
- ② Planned to amortize \$3.1 billion over a period of time, possibly as much as 10 years.
- ③ Reported net income of \$1.38 billion for 2001.



Generally accepted
accounting principles

- ① The \$3.1 billion "line-cost" expense would be booked as an operating expense.
- ② The entire \$3.1 billion would have been counted As a cost of business for that quarter.
- ③ Net income for 2004 would have been a loss, amount to be determined.



二、

Taichung Semi-conductor Company (TSC) reported current assets of \$740,000 and current liabilities of \$400,000 on December 31, 2007. However, careful examination of its books indicates that the following items may have recorded incorrectly.

- a. Merchandise purchased costing \$220,000 was shipped f.o.b. shipping point by a supplier on December 27. TSC received and recorded the invoice on December 28, 2007, but the merchandise was not included in TSC's physical count of inventory because they were not received until January 3, 2008.
- b. Merchandise held on consignment from United Alloy Corporation was included in TSC's 2007 physical count of inventory at \$130,000.
- c. Freight-in of \$30,000 was debited to utility expense on December 29, 2007.
- d. Merchandise was in transit from Hong Hai Electronics to TSC on December 31, 2007. The invoice cost was \$150,000, and the merchandise was shipped f.o.b. destination on December 28, 2007. TSC received and recorded the invoice on December 31, 2007, but the merchandise was not included in TSC's physical count of inventory because they were not received until January 5, 2008.

Required (You may answer in Chinese or in English.)

- (1). Please compute the current ratio based on TSC's balance sheet before corrections are made. (2%)
- (2). Indicate the effect of each of these errors on current ratio. (8%)
- (3). Please recompute the current ratio based on TSC's balance sheet after corrections are made. (4%)
- (4). By what amount will income before taxes be adjusted up or down as a result of the corrections? (5%)



三、

Before any year-end adjustments, the balance of Account Receivable in Taiwan High Speed Rail (THSR) was \$1,110,000 and the Allowance for Doubtful Accounts had a credit balance of \$70,000. An aging schedule of the account receivable as of December 31, 2007, is as follows.

<u>Age</u>	<u>Net debt balance</u>	<u>Estimated % uncollectible</u>
Under 16 days	\$600,000	2%
16-30 days	200,000	10%
31-45 days	160,000	15%
46-60 days	80,000	25%
61-75 days	40,000	60%
Over 75 days	30,000	100%

Required (You may answer in Chinese or in English.)

- (1). Prepare the journal entry for THSR to record Bad Debt Expense. (5%)
- (2). What is the appropriate balance for the Allowance for Doubtful Accounts at year-end? (3%)
- (3). What is the net realizable value of THSR's Account Receivable before and after the journal entry in (1) above. (6%)



四、雲林公司 95 年度有關退休金之相關資料如下：

服務成本	\$100,000
退休金利益攤銷數	8,000
利息成本	30,000
前期服務成本攤銷數	5,000
基金資產實際報酬	40,000
基金資產預期報酬	25,000
關廠產生之縮減利益	4,000
過渡性淨資產攤銷數	10,000
提撥基金數	40,000
年底預計給付義務	450,000
年底累積給付義務	385,000
年底基金資產公平價值	220,000
前期服務成本年底未攤銷餘額	30,000

試作：

- (1) 計算雲林公司 95 年度淨退休金成本金額。(10%)
- (2) 經處理退休金成本及提撥基金分錄後，95 年底應計退休金負債金額為 \$120,000，則雲林公司 95 年度補列最低退休金負債之分錄為何？(8%)



五、試回答下列兩問題：

- (1) 斗六公司 95 年初資產總額為 \$4,000,000，年底為 \$6,000,000，95 年總資產週轉率為 2，總資產報酬率為 30%。若 95 年淨利率為 12%，利息費用為 \$500,000，請問該公司 95 年稅前淨利金額為多少？(8%)
- (2) 虎尾公司流動資產項目計有現金、應收帳款、存貨及預付費用四項，在一筆賒購存貨 \$100,000 交易發生前其流動比率為 2.5，酸性測驗比率為 1，若該賒購交易發生後流動比率變為 2.2，請問賒購交易發生後酸性測驗比率會變為多少？(8%)

六、西螺公司為一公開發行公司，93 年度相關資料如下：

1. 稅前淨利為 \$200,000，所得稅率為 28%。
2. 董監事酬勞 \$5,250，員工現金紅利 \$16,000。
3. 普通股年初流通在外股數為 100,000 股，4 月 1 日現金增資發行新股 50,000 股，每股認購價格為 \$12，新股認購權利行使前一日該股票公平價值為 \$18。
4. 93 年 7 月 1 日按面額發行面值 \$1,000，3.5% 可轉換公司債 200 張，每張可轉換普通股 40 股，至年底該批公司債均未轉換。
5. 全年流通在外 5% 不可轉換之累積特別股 2,000 股，每股面值 \$100。

請計算西螺公司 93 年稅前及稅後每股盈餘(請一併列出分子與分母數值)。(16%)



本試題共四題，合計 100 分，請依題號作答並將答案寫在答案卷，違者不予計分。

一、選擇題（每小題 2 分，合計 50 分）

1. To be independent of other business functions, internal auditors should report to any but which of the following?
 - a. Company president.
 - b. Vice president of sales.
 - c. Audit committee of the board of directors.
 - d. Board of directors.
2. Which of the following may give rise to a business failure?
 - a. An erroneous audit opinion is issued.
 - b. Management may make a series of poor decisions.
 - c. Auditors may fail to uncover management fraud.
 - d. Poorly trained auditors may perform a company's audit.
3. An auditor's examination performed in accordance with generally accepted auditing standards generally should
 - a. be expected to provide assurance that illegal acts will be detected where internal control is effective.
 - b. be relied upon to disclose violations of truth-in-lending laws.
 - c. encompass a plan to search actively for illegalities which relate to operating aspects.
 - d. not be relied upon to provide assurance that illegal acts will be detected.
4. Which of the following type of CPA services provides the highest level of assurance?
 - a. Examination.
 - b. Review.
 - c. Agree-upon procedures.
 - d. Compilation.
5. The Sarbanes-Oxley Act prohibits a CPA firm that audits a public company from providing which of the following types of services to that company?
 - a. Reviews of quarterly financial statements.
 - b. Preparation of corporate tax returns.
 - c. Most consulting services.
 - d. All of above are prohibited services.
6. Which of the following can be significantly affected by an audit?
 - a. Business risk.
 - b. Information risk.
 - c. The risk-free interest rate.
 - d. All of these.



7. A CPA firm is "associated with the financial statements"
- only when it does a financial audit.
 - only when it does attestation services, such as a review or an audit.
 - even if a CPA firm only assists a client in preparing financial statements, but does not perform an audit.
 - if it performs any services at all for the client.
8. CPAs may provide bookkeeping services to their non-public audit clients, but there are a number of conditions that must be met if the auditor is to maintain his/her independence. Which of the following conditions is not necessary?
- The CPA must not assume a management role or function.
 - The client must hire an external CPA to approve all of the journal entries prepared by the auditor.
 - The auditor must comply with GAAS when auditing work prepared by his/her firm.
 - The client must accept responsibility for the financial statements.
9. Of the various parts of the AICPA's *Code of Professional Conduct*,
- the Principles are enforceable.
 - the Ethical Rulings are enforceable.
 - the Interpretations are enforceable.
 - the Rules of Conduct are enforceable.
10. The members of a client's "audit committee" should be
- directors who are not a part of company management.
 - members of management.
 - non-directors and non-managers.
 - directors and managers.
11. It is easier and more common to implement increased evidence accumulation for inherent risk than for acceptable audit risk because:
- inherent risk can usually be isolated to one or two accounts.
 - inherent risk applies to the entire audit.
 - acceptable audit risk and sample sizes are set statistically.
 - acceptable audit risk does not impact on the amount of evidence which must be accumulated.
12. Which of the following type of audit reports has the fewest paragraphs?
- Standard unqualified.
 - Adverse opinion due to non-GAAP.
 - Disclaimer due to scope restriction.
 - Disclaimer due to lack of independence.
13. Which of the following is not a risk specific to IT environments?
- Reliance on the functioning capabilities of hardware and software.



- b. Increased human involvement.
 - c. Loss of data due to insufficient backup.
 - d. Reduced segregation of duties.
14. An important characteristic of IT is uniformity of processing. Therefore, a risk exists that
- a. auditors will not be able to access data quickly.
 - b. auditors will not be able to determine if data is processed consistently.
 - c. erroneous processing can result in the accumulation of a great number of misstatements in a short period of time.
 - d. all of the above.
15. Analytical procedures are essential for notes payable because
- a. of the paucity of documentation in this area.
 - b. there are few internal controls in this area which the auditor can rely upon to reduce substantive testing.
 - c. tests of details for interest expense and accrued interest can frequently be eliminated when results are favorable.
 - d. the large quantity of transactions would make this an expensive area to audit if some other means of reducing tests were not available.
16. The audit procedure "observe the client taking a physical inventory count and test the count" is sufficient to determine all of the following except
- a. whether recorded inventory actually exists.
 - b. whether recorded inventory was properly valued by the client.
 - c. whether recorded inventory was properly counted by the client.
 - d. None of the above answers is correct.
17. Assume that the client's valuation of an inventory item is \$10 per unit for 1,000 units, using FIFO. If the most recent acquisition of inventory was for 600 units at \$10 per unit and the immediately preceding acquisition was for 700 units at \$8 per unit, the inventory item is in error and it is
- a. understated \$400.
 - b. understated \$800.
 - c. overstated \$400.
 - d. overstated \$800.
18. The failure to capitalize a fixed asset, or the recording of an asset acquisition at the improper amount, affects the balance sheet
- a. forever.
 - b. for the current period.
 - c. for the depreciable life of the asset.
 - d. until the firm disposes of the asset.



19. Because many of the types of errors and irregularities that may be found in the acquisition and payment cycle represent a misstatement of earnings and are of significant concern to the auditor, the tolerable exception rate selected by the auditor will be
- low.
 - high.
 - average.
 - 15% or less.
20. A weak internal control system allows a foreman to clock in daily for a fictitious employee and to approve the time card at the end of the payroll period. This fraud would be detected if other controls were in place, such as having an independent party
- foot the payroll journal and trace postings to the general ledger and the payroll master file.
 - recompute hours worked from time cards.
 - distribute paychecks.
 - compare the date of the recorded check in the payroll journal with the date on the canceled checks and time cards.
21. An auditor using nonstatistical sampling cannot
- mathematically measure the precision of the point estimate.
 - determine a point estimate for the population.
 - draw a random sample.
 - do any of the three above.
22. Monetary-unit sampling, just like attributes sampling, requires that the auditor evaluate the nature and cause of the errors discovered. An important part of error analysis is deciding
- if the error represents sampling risk.
 - whether an adjusting entry is needed.
 - the type of opinion to express on this engagement.
 - whether any modification of the audit risk model is needed.
23. The understatement of sales and accounts receivable is best uncovered by
- confirming receivables.
 - test of transactions for shipments made but not recorded.
 - reviewing the aged trial balance.
 - reconciling the accounts receivable general ledger account with the schedule of accounts receivable.
24. Which of the following defense can not be used by auditors against third-party suits?
- contributory negligence.
 - lack of duty to perform.
 - nonnegligent performance.
 - absence of causal connection.



25. Place the following steps in their proper order:

1. Analyze exceptions
2. Select the sample
3. Define attributes and exception conditions
4. State the objectives of the audit test
5. Define the sampling unit

- a. 5,3,2,4,1.
- b. 4,3,1,2,5.
- c. 4,3,5,2,1.
- d. 5,2,3,4,1.

二、In an annual audit at December 31, 2006, you find the following transactions near the closing date:

1. Merchandise costing \$2,000 was received on January 3, 2007, and the related acquisition invoice recorded January 5. The invoice showed the shipment was made on December 29, 2006, FOB destination.
2. Merchandise costing \$625 was received on December 28, 2006, and the invoice was not recorded. You located it in the hands of the purchasing agent; it was marked "on consignment."
3. A packing case containing products costing \$816 was standing in the shipping room when the physical inventory was taken. It was not included in the inventory because it was marked "Hold for shipping instructions." Your investigation revealed that the customer's order was dated December 18, 2006, but that the case was shipped and the customer billed on January 10, 2007. The product was a stock item of your client.
4. Merchandise received on January 6, 2007, costing \$720 was entered in the acquisitions journal on January 7, 2007. The invoice showed shipment was made FOB supplier's warehouse on December 31, 2006. Because it was not on hand December 31, it was not included in inventory.
5. A special machine, fabricated to order for a customer, was finished and in the shipping room on December 31, 2006. The customer was billed on that date and the machine excluded from inventory, although it was shipped on January 4, 2007.

Assume that each of the amounts is material.

Required:

- a. State whether the merchandise should be included in the client's inventory. (10分)
- b. Give your reason for your decision on each item. (10分)

三、The following are partial descriptions of internal controls for companies engaged in the manufacturing business:

1. Every day, hundreds of employees clock in using time cards at Generous Motors Corporation. The timekeepers collect these cards once a week and deliver them to the computer



department. There, the data on these time cards are entered into the computer. The information entered into the computer is used in the preparation of the labor cost distribution records, the payroll journal, and the payroll checks. The treasurer, Mrs. Webber, compares the payroll journal with the payroll checks, signs the checks, and returns them to Mr. Strode, the supervisor of the computer department. The payroll checks are distributed to the employees by Mr. Strode.

2. The smallest branch of Connor Cosmetics in South Bend employs Mary Cooper, the branch manager, and her sales assistant, Janet Hendrix. The branch uses a bank account in South Bend to pay expenses. The account is kept in the name of "Connor Cosmetics-Special Account." To pay expenses, checks must be signed by Mary Cooper or by the treasurer of Connor Cosmetics, John Winters. Cooper receives the cancelled checks and bank statements. She reconciles the branch account herself and files cancelled checks and bank statements in her records. She also periodically prepares reports of cash disbursements and sends them to the home office.

Required:

- a. List the deficiencies in internal control for each of these situations. To identify the deficiencies. (6分)
- b. For each deficiency, state the type(s) of misstatement(s) that is (are) likely to result. Be as specific as possible. (6分)
- c. How would you improve internal controls for each of the two companies? (6分)

四、

There are three conditions requiring a departure from an unqualified audit report. Discuss each of these three conditions and state the appropriate audit report for each condition. (12分)



1. Thomas L. Friedman 於 2005 年 “*The World Is Flat*” (中譯：世界是平的) 一書的第二章內容中提到抹平世界的十股力量中包括「外包 (outsourcing)」與「內包 (insourcing)」。請您解釋何謂「外包」與「內包」(各五分)，並請提出當企業決定是否採取「外包」或「內包」時，必須考慮哪些重要因素(請注意，請寫出最重要的三項並提出原因，第三項後不予計分，各五分，本題總計二十五分)。

2. H 公司對於將於暑假期間推出音控恐龍玩具，該玩具的成本結構包括：固定成本\$300,000 以及每單位變動成本\$150，採接單生產方式。市場調查部門針對以下兩種定價策略估計市場需求如下：
定價策略 1：每單位定價為\$250，此時銷售量之機率分配為介於 2000 至 5000 單位之均勻分配。
定價策略 2：每單位定價為\$200，此時銷售量之機率分配為介於 5000 至 8000 單位之均勻分配。
若您是負責該玩具銷售業績的產品經理，請針對以下問題，提出您的管理選擇並說明。
 - (1) 若以極大化音控恐龍玩具的期望利潤為目標，請問您的最適訂價策略為何？(十分)
 - (2) 若以虧損機率最小為目標，請問您的最適訂價策略為何？(十分)
 - (3) 請問何種定價策略風險較高？並請說明您風險衡量的方式？(五分)



3. G Company began commercial production of P-Drug on Jan. 1, 2007. Patients use three pills per day (365 days a year). G marketing analysts estimate 50,000 patients will use P-Drug in 2007. Production in 2007 is 54,750,000 units (pills). However, only 44,800 patients are prescribed P-Drug during 2007. Each patient used three pills per day for 365 days a year. The average wholesale selling price (the price G Company receives from distributions) is \$1.20 per pill. The actual cost are as follows :

Variable cost per unit

Manufacturing cost per pill produced

Direct materials	\$0.05
Direct manufacturing labor	0.04
Manufacturing overhead	0.11

Marketing cost per pill sold	0.07
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Fixed costs

Manufacturing costs	\$7,358,400
R&D	4,905,600
Marketing	19,622,400

Required :

- What is the number of P-Drug pills actually sold in 2007, assuming all patients began using the drug on Jan. 1 and used it through Dec. 31 ? What is ending inventory on Dec. 31, 2007? (10-point)
- Calculate operating income under variable costing and absorption costing for G Company for the year ended Dec. 31, 2007. The allocation base for fixed manufacturing costs under absorption costing is \$0.15 per unit (pill) produced. All under- or over absorbed fixed costs are written off to cost of goods sold. (10-point)
- Explain differences in operating income in required b. (5-point)



4. Waterfold, Inc., manufactures and sells 15,000 units of a raft, RF17, in 2007. The full cost per unit is \$200. Waterfold earns a 20% return on an investment of \$1,800,000 in 2007. Required:
- Calculate the selling price and the markup percentage on the full cost per unit of RF17 in 2007. (6-point)
 - If the selling price in requirement a represents a markup percentage of 40% on variable cost per unit, calculate the variable cost per unit of RF17 in 2007. (6-point)
 - Calculate the operating income if it had increased the selling price to \$230. At this price Waterfold would have sold 13,500 units of RF17. Assume no change in total fixed costs. Should Waterfold increase the selling price of RF17 to \$230? (6-point)
 - In response to competitive pressures, Waterfold must reduce the price of RF17 in 2008, in order to achieve sales of 15,000 units. Waterfold plans to reduce its investment to \$1,650,000. If Waterfold wants to maintain a 20% return on investment, what is the target cost per unit in 2008? (7-point)



一、第一公司 94 年底及 95 年底資產負債表中部分資料摘要如下：

	94 年底	95 年底
應收帳款	\$200,000	\$300,000
原料存貨	15,000	25,000
在製品存貨	60,000	80,000
製成品存貨	400,000	200,000

另自 95 年度損益表及其附表摘錄部份資料如下：

銷貨收入(90%除銷)	\$5,000,000
銷貨成本	3,900,000
95 年度領用原料成本	600,000
95 年度製成產品成本	1,400,000

請計算下列各項財務比率：(請列出計算方式及比率值)

- 1、應收帳款週轉率
- 2、原料存貨週轉率
- 3、在製品存貨週轉率
- 4、製成品存貨週轉率
- 5、存貨總額週轉率

(本題佔 25 分，各小題佔 5 分)

二、雲林公司於 90 年度 1 月 1 日以成本 \$100,000 購入設備乙套，估計可使用 4 年，無殘值。今以年數合計法提列折舊，請回答下列各題：

- 1、91 年度應提列折舊若干?
- 2、列舉三種加速折舊的方法?(只列其名或簡要描述即可)
- 3、今日加速折舊受到重視的理由為何?

(本題佔 25 分，其中第一小題 6 分，第二小題 9 分，第三小題 10 分)



三、

建福公司 96 年 5 月份的存貨進銷資料如下：

01 日	上期結轉	400 件	單位成本\$20
05 日	進 貨	600 件	單位成本\$24
18 日	進 貨	800 件	單位成本\$26
28 日	進 貨	200 件	單位成本\$28
08 日	銷 貨	800 件	
25 日	銷 貨	600 件	

假設公司採定期盤存制以及物價持續上漲，請依序作：

- 計算 5 月份的期末存貨及銷貨成本金額，成本流動假設
 - 平均法「6%」
 - 先進先出法「6%」
 - 後進先出法「6%」
- 就所得衡量(income determination)而言，應採那種成本流動假設？「3%」
- 就資產評價(assets evaluation)而言，應採那種成本流動假設？「3%」
- 就租稅後果(tax effect)而言，應採那種成本流動假設？「3%」

四、

水順公司有以下來自 2006 年 12 月 31 日調整前之會計紀錄：

銷貨總額	\$2,580,000
銷貨退回及折讓	330,000
應收帳款	750,000
備抵壞帳	15,000(借餘)

該公司為加強壞帳之估計及控制，乃編製以下應收帳款帳齡分析表——

應收帳款帳齡	金額	估計不能收現之百分比
30 天以內	\$ 250,000	1%
31-90 天	210,000	3%
91-120 天	120,000	6%
121-240 天	85,000	10%
241-360 天	50,000	25%
360 天以上	35,000	60%
	<u>\$ 750,000</u>	

- 假設該公司按淨銷貨之 3% 來估計壞帳，請做估計壞帳之分錄。「5%」
- 假設該公司按應收帳款總額之 10% 來估計壞帳，請做估計壞帳之分錄。「6%」
- 假設該公司以帳齡分析之結果來估計壞帳，請做估計壞帳之分錄。「12%」