

Quiz bank essay sample

[Finance](#), [Banks](#)



1. An auditor is performing an analytical procedure that involves developing common-size financial statements. This technique is referred to as: a. Vertical Analysis
2. Assertions that have a meaningful bearing on whether an account balance, transaction class or disclosure is fairly stated are referred to as: a. Relevant assertions
3. In obtaining sufficient appropriate audit evidence, the work of which type or types of specialists may be relied upon a. Client engaged and auditor engaged
4. Which of the following ultimately determines the specific audit procedures necessary to provide independent auditors with a reasonable basis for the expression of an opinion a. The auditors' judgment
5. CPA wishes to use a representation letter as a substitute for performing other audit procedures. Doing so a. Violates Professional Standards
6. Assertions with high inherent risk are least likely to involve a. Routine transactions
7. Which of the following is required documentation in an audit a. A written audit program
8. Which of the following best describes the problem with the use of published industry averages for analytical procedures a. Lack of comparability
9. Which of the following is a basic approach often used by auditors to evaluate the reasonableness of accounting estimates a. Reviewing subsequent events or transactions
10. When considering the use of management's written representations as

audit evidence about the completeness assertion, an auditor should understand that such representations a. Complement, but do not replace, substantive procedures designed to support the assertion

11. In auditing an asset valued at fair value, which of the following potentially provides the auditor with the strongest evidence a. A price for a similar asset obtained from an active market

12. An example of an analytical procedure is the comparison of a. Financial information with similar information regarding the industry in which the entity operates

13. An auditor should expect that fair value is the price that would be received to sell an asset in an orderly transaction between the market participants at the a. Measurement date (ordinarily the date of the financial statements)

14. The date of the management representation letter should coincide with the a. Date of the auditor's report

15. Analytical procedures are required at the risk assessment stage and as a. A part of the final overall review.

16. An independent auditor finds that the Simmer Corporation occupies office space, at no charge, in an office building owned by a shareholder. This finding indicates the existence of a. Related party transactions

17. Working papers that record the procedures used by the auditor to gather evidence should be a. Designed to meet the circumstances of the particular engagement

18. An auditor plans to apply substantive tests to the details of asset and liability accounts as of an interim date rather than as of the balance sheet

date. The auditor should be aware that this practice a. Potentially increases the risk that errors that exist at the balance sheet date will not be detected

19. Which of the following best describes the reason that auditors are concerned with the detection of related party transactions a. Material related party transactions must be disclosed in the notes to the financial statements

20. Which of the following statements relating to audit evidence is the most accurate statement a. The auditor must obtain sufficient appropriate audit evidence