

# The aquamarinic sky essay



**ASSIGN  
BUSTER**

I have never seen such a beautiful aquamarines sky, such blue, much gentle. It reflects the color of our oceans blue, Oh what a beauty. I'd kill to fly a day and rest against a cloud. Effects of the SEC investigation on investor confidence \* All sales of Flashily 2011 have been made to only one customer , which In the near the near future will be a related party Financial Accounting/Reporting Risks: Fill in the table below by completing the fall box for the first risk and by identifying two additional financial accounting/reporting risks through examination of Flash's financial statements and related disclosures (e. .

Significant or unusual Increases in ending balances, unexpected patterns such as slower growth In accounts receivable than sales, unexpected differences between Flash's ratios and the industry averages). The two additional risks included in the table below should be the financial accounting/reporting risks you consider most significant. Financial Accounting/Reporting Risk I Audit Risk (auditor's concern) Related Accounts and Assertions I Potential Effect on the Audit Plan I 1.

Inventory turnover is much lower than the industry I Overstatement of inventory due to obsolescence.

Is inventory properly valued at the lower of cost or market? I Inventory: Plainclothesmen I I Additional General and Industry Risks: Provide a list of additional financial accounting/reporting risks you identified. You need only list the risk, no need to fill out a table as shown above. You should identify at least three additional risks beyond those listed above. Case 4. 6 Par-Moor, Inc. .

A) Other high profile cases where a company has committed fraud by misstating Inventory Include Comptroller Corporation and Bristol-Meyers Squibb Company. Manual checks of inventory only occur semi-annually, management's ability to alter these checks, and the sheer ability to miscount items due to sheer volume. Par-Moor was capable of misleading their external auditors because the auditors of a retail store are not required to physically examine the inventory in each store.

The auditing firm only examined inventory in four of the one hundred and twenty nine stores that existed. Par-Moor also knew in advance which locations were going to be audited which allowed them to be able to fool Coopers & Lybrand for several years. C) Audit procedures such as implementing additional random visits to Par-Moor stores to examine inventory, verifying shipments from suppliers and conducting an inquiry of individual store management could have helped prevent or detect the overstatement of inventory.

7.

A) Factors that would have contributed to a high inherent risk assessment of Par-Moor include their excessive growth in a highly competitive market, the motivation from management to maintain that growth, rapid expansion, results from previous audits, their involvement with related parties, inventory being their biggest account, and the random, flamboyant behavior of Par-Moor's founder and chief operating officer. B) Auditor's have equal responsibility for detecting material misstatements due to errors and fraud.

The auditing team works together to make sure that checks are in place so that everyone's work is thoroughly examined. However, all things cannot be discovered due to limitations on time and sample size.

C) Several red flags existed within the environment Par-Moor created that should have concerned the auditor's. These factors include the chief operating officer's professional and personal reputation, which displayed greed, a drive for power and negative moral qualities, a numerous amount of related-party transactions, the Coo's " hands-off' style, inadequate internal controls and liberal accounting practices.