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Quizzer

Outline Of Statements On Auditing Standards And Procedures



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Quizzer
OUTLINE OF
STATEMENTS ON AUDITING
STANDARDS AND PROCEDURES

PREPARED FOR ADVANCED ACCOUNTING
AND AUDITING STUDY PROGRAM

UNITED STATES GENERAL ACCOUNTING OFFICE
OFFICE OF PERSONNEL MANAGEMENT
WASHINGTON, D.C. 20548
1972

INTRODUCTION

This booklet has been prepared by professional staff members of the General Accounting Office for use in its Advanced Accounting and Auditing Study Program--CPA Review Course--given annually in Washington and in Regional Offices. The primary purpose of the booklet is to provide the professional staff member with a systematic method for making a comprehensive review of the Outline of Statements on Auditing Standards and Procedures.

In order to adequately cover all essential points necessary for a thorough review, the staff members who prepared these questions obtained the ideas and information from a detailed analysis of the material in the Outline of Statements on Auditing Standards and Procedures.

U.S. GENERAL ACCOUNTING OFFICE

CPA REVIEW COURSE

I. QUESTIONS ON "AUDITING STANDARDS AND PROCEDURES"

Indicate whether each statement is "true" (T) or "false" (F) or supply short answers where appropriate.

Statement No. 33--Statements on Auditing Procedures.

Chapter 1--Responsibilities and Functions of Independent Auditors

- 33-1. An independent auditor has the responsibility for the substantial accuracy and adequacy of financial statements. _____
- 33-2. The independent auditor must possess the professional qualifications of education and experience and have the ability to exercise professional informed judgment. _____
- 33-3. The independent auditor's examination incident to the issuance of an opinion can be relied upon to disclose defalcations and similar irregularities. _____
- 33-4. Reliance for the prevention of fraud should be placed upon an adequate accounting system with good internal control. _____
- 33-5. The independent auditor has a responsibility to his profession to comply with the standards accepted by his fellow practitioners. _____

Chapter 2--Gene

33-6. Auditing acts to b. measuring and objec

Chapter 2--Generally Accepted Auditing Standards

33-6. Auditing procedures relate to the acts to be performed, in addition to measuring the quality of performance and objectives to be obtained.

33 - 7 Auditing standards are actually written statements which have been approved and adopted by the membership of the AICPA.

33 - 8 Generally accepted auditing standards are classified into three categories: (1) general standards, (2) standards of field work, (3) standards of reporting.

33 - 9 An independent auditor's report must state whether the financial statements are presented in accordance with generally accepted accounting principles.

Chapter 3--General Standards

33 - 10 The Institute's position on independence is concerned with the actual fact of the auditor's independence, not the general public's opinion of the auditor's independence.

33 - 11 The exercise of due care primarily applies to higher supervisory levels in their overall critical review of the work performed.

Field Work Standards

Chapter 4--Adequacy Of Planning And The Timing Of Field Work

33 - 12 An auditor should not accept an engagement near or after the close of the fiscal year.

33 - 13 The auditor should plan for his work to be done before the balance sheet date, if possible.

Chapter 5--Evaluation of Internal Control

33 - 14 Internal control extends beyond matters which relate directly to the functions of the accounting and financial departments.

Chapter 6--Evident

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Standards of Report

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Chapter 6--Evidential Matter

- 33 - 17 Sufficient competent evidential matter is necessary for the auditor to fairly prepare the financial statements.
- 33 - 18 To be competent, evidence must be both valid and relevant.
- 33 - 19 Evidential matter consists of underlying accounting data and corroborating information.
- 33 - 20 The auditor uses his own judgment in determining the sufficiency of the evidential matter.
- 33 - 21 The evidence gathered by the auditor must be convincing rather than only persuasive.

Standards of Reporting

Chapter 7--Adherence to Generally Accepted Accounting Principles

- 33 - 22 An auditor may never write a report without stating whether the financial statements are presented in accordance with generally accepted accounting principles.
- 33 - 23 Accounting principles may be acceptable because they are commonly used in business, even though they are not a subject of an Institute pronouncement.

Chapter 8--Consistency Of Applicants Of Generally Accepted Accounting Principles

- 33 - 24 Accounting principles must be consistently observed in order to insure comparability of financial statements with other firms in the same line of business.

- 33 - 15 The independent auditor's review of internal control should not be done at an interim date.
- 33 - 16 A satisfactory system of internal control should be strong enough to offset personnel who are not of a quality commensurate with their responsibilities.
- 33 - 25 Generally, lack of consistency produces lack of comparability.
- 33 - 26 A change from one method of depreciation to another, even though both methods are acceptable, would cause a lack of comparability between financial statements.
- 33 - 27 Acquisitions of subsidiaries or changes in the estimated useful life of an asset would cause a lack of comparability between financial statements.

Chapter 9--Adequacy Of Informative Disclosure

- 33 - 28 Informative disclosures in the financial statements are to be regarded as reasonable unless otherwise stated in the report.
- 33 - 29 If matters which the independent auditor believes require disclosure are omitted from the financial statements, the matters should be included in his report but he need not qualify his opinion.

Chapter 10--Expression Of Opinion, Or Reasons For No Opinion In The Independent Auditor's Report

- 33 - 30 If financial statements do not fairly present a company's financial position, the auditor should write only an adverse opinion or a disclaimer of opinion.

- 33 - 31 The "opinion port states auditor and his work.
- 33 - 32 The client's plete before opinion.
- 33 - 33 If the aud statements page of the ously marke
- 33 - 34 The present must conform counting pr basis and i disclosures not mislead:

Chapter 12--Long Form

- 33 - 35 The purpose present exc. auditor cou short-form
- 33 - 36 A long-form alone or wi

Chapter 13--Special Re

- 33 - 37 The term "sp for which th form report
- 33 - 38 Special repr prepared on organization counting pr organizations

- 33 - 31 The "opinion" paragraph of a short-form report states the work performed by the auditor and his conclusions based upon that work.
- 33 - 32 The client's financial records must be complete before an auditor can express an opinion.
- 33 - 33 If the auditor prepares unaudited financial statements which may be misleading, each page of the statements should be conspicuously marked "without audit" or "unaudited."
- 33 - 34 The presentation of the financial statements must conform with generally accepted accounting principles applied on a consistent basis and include all material informative disclosures necessary to make the statements not misleading.

Chapter 12--Long Form Reports

- 33 - 35 The purpose of the long-form report is to present exceptions or reservations which the auditor could not adequately disclose in the short-form report.
- 33 - 36 A long-form report may be issued either alone or with a short-form report.

Chapter 13--Special Reports

- 33 - 37 The term "special reports" refers to reports for which the wording of the usual short-form report may be inappropriate.
- 33 - 38 Special reports include financial statements prepared on the cash basis and non-profit organizations which follow different accounting practices than profit-making organizations.

33 - 39 The "general standards" and "standards of field work" are applicable only to the extent appropriate in a special report engagement.

Statement No. 37--Public Warehouses

37 - 1 The principal economic function of a terminal warehouse is to furnish storage, whereas a field warehouse is primarily a financing arrangement.

37 - 2 Warehouse receipts may be either negotiable or non-negotiable and may be used as evidence of collateral for credit.

37 - 3 The independent auditor may use non-negotiable receipts as evidence of ownership by the depositor.

37 - 4 Because the goods are held in custody for others, the goods do not appear as assets nor does the related custodial responsibility appear as a liability on the warehouseman's financial statements.

37 - 5 One of the auditor's responsibilities is to obtain by direct confirmation pertinent details of any warehouse receipts that have been pledged as collateral.

Statement No. 38--Unaudited Financial Statements

38 - 1 The CPA has no responsibility to apply any auditing procedures to unaudited financial statements.

38 - 2 A CPA is not deemed to be associated with the unaudited financial statement he prepares if he uses "plain paper" and he does not append his name to the financial statements.

38 - 3 A CPA cannot be associated with the unaudited financial statement prepared if he does not submit a comment.

38 - 4 A CPA should not be associated with the unaudited financial statement with which he is associated.

38 - 5 A disclaimer should be included in the financial statement for all items that are financed by the company.

Statement No. 39--Work

39 - 1 The purpose of the working papers is to provide the form and substance of the audit.

39 - 2 Working papers should include a list of letters of inquiry and schedules obtained by the auditor. The list should include memoranda of company documents.

39 - 3 Working papers should include a list of the details of his audit and the standards.

39 - 4 Working papers should include a list of the items he is responsible for and the use of the

39 - 5 Working papers should include a list of the work of the auditor and the review

- 38 - 3 A CPA cannot be deemed to be associated with the unaudited financial papers he has prepared if he can prove that he did not submit a covering letter with the statements.
- 38 - 4 A CPA should render a disclaimer of opinion to accompany unaudited financial statements with which he is associated.
- 38 - 5 A disclaimer of opinion is required by the SEC for all unaudited financial statements that are filed with them.

Statement No. 39--Working Papers

- 39 - 1 The purpose of Statement No. 39 is to specify the form and details of content of working papers.
- 39 - 2 Working papers may include work programs, letters of confirmation and representation, and schedules of commentaries prepared or obtained by the auditor, but may not include memoranda, analyses, or abstracts of company documents.
- 39 - 3 Working papers help the auditor in the conduct of his work and provide support for his representation of compliance with auditing standards.
- 39 - 4 Working papers are owned by the auditor but he is responsible to the client for any misuse of them.
- 39 - 5 Working papers would generally show that the work of any assistants had been supervised and reviewed.

Statement No. 41--Subsequent Discovery Of Facts Existing At The Date Of The Auditors Report

- 41 - 1 If the auditor discovers facts subsequent to his report which might have affected the report had he known them at the report date, it may be advisable to consult an attorney.
- 41 - 2 The auditor has an obligation to make inquiries and perform certain audit steps after the report date.
- 41 - 3 If the effects of subsequently discovered facts which existed at the date of the auditors report can be determined, revised financial statements and auditor's reports should be issued.
- 41 - 4 If the client refuses to disclose the newly discovered facts, the auditor should notify everyone connected with the report or relying on the report that it is no longer reliable.

Statement No. 42--Reporting When a Certified Public Accountant is Not Independent

- 42 - 1 If a CPA is not independent and is associated with the financial statements, any procedures he might perform would not be in accordance with generally accepted auditing standards and therefore he is precluded from expressing an opinion.
- 42 - 2 If the accountant is not independent, he should disclaim an opinion, state specifically that he is not independent, and the reason for his lack of independence.
- 42 - 3 The auditor may establish independence by complying with the "Standards of Independence."

42 - 4 Procedures in connection with the audit should be stated in

42 - 5 If the accountant has not been fully accepted by the client, the accountant should disclose in his report

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42 - 4 Procedures performed by the accountant in connection with financial statements for which the auditor is not independent should be stated in his report.

42 - 5 If the accountant concludes that the financial statements do not conform with generally accepted accounting principles, and the client refuses to revise them, the accountant should set forth his reservations in his disclaimer of opinion.

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Statement No. 43--Confirmations Of Receivables And Observation Of Inventories

- 43 - 1 Statement No. 43 forbids the use of both positive and negative confirmation requests in the same audit.
- 43 - 2 It is permissible for an accountant to direct confirmations toward individual items in a debtor's balance rather than the entire balance.
- 43 - 3 When the number of positive and negative confirmations sent out are the same, the degree of satisfaction with respect to the accounts receivable balance will be less with the negative confirmations than with the positive ones.
- 43 - 4 If the auditor does not receive a reply from several material positive confirmation requests, he must qualify the scope paragraph of his report.
- 43 - 5 In some companies statistical sampling may be used in place of the physical count of each item to determine inventory quantities.
- 43 - 6 It is ordinarily necessary for the independent auditor to be present during the physical count of the inventory.
- 43 - 7 If the client uses a well-kept perpetual inventory system and compares it with physical counts, the auditor can observe this procedure as part of his interim work during the period under audit.
- 43 - 8 If the independent auditor does not confirm receivables or observe the taking of physical inventories, he should comment in his report that he has satisfied himself by other means.

43 - 9 If the independent auditor does not satisfy himself, he should comment on the scope of the audit.

43 - 10 If a client's inventory is not included in the auditor's opinion, the auditor should comment on the scope of the audit.

Statement No. 44--Reservations

44 - 1 If prior to the issuance of the independent auditor's report, the auditor has received information that may affect his report, he should comment on the scope of the audit.

44 - 2 By presenting a reservation on a balance sheet item, an auditor does not indicate that the company is not a going concern, that the year-end financial statements are not correct, or that the year-end financial statements are not in accordance with generally accepted accounting principles.

Statement No. 45--Use of Auditors

45 - 1 An independent auditor's report should not be used for purposes other than those for which it was prepared, and the auditor should comment on the scope of the audit if the report is used for other purposes.

45 - 2 The primary responsibility for the accuracy of the financial statements is that of management, and the auditor's responsibility is limited to the audit of the financial statements.

43 - 9 If the independent auditor is unable to satisfy himself by other procedures, he should clearly indicate that fact in either the scope paragraph or a middle paragraph.

43 - 10 If a client restricts the auditor's confirmation of receivables or observation of inventories the auditor should give an adverse opinion on the financial statements.

Statement No. 44--Reports Following A Pooling Of Interests

44 - 1 If prior year financial statements, presented in comparison with current year financial statements, are not restated to give appropriate recognition to a pooling of interests, the independent auditor would have to qualify his report.

44 - 2 By presenting the revenues, extraordinary items, and net earnings of the constituent companies on a combined basis for the preceding year in a note to the financial statements, the auditor has adequately disclosed the pooling of interest in single-year statements for the year in which a combination is consummated.

Statement No. 45--Using the Work And Reports Of Other Auditors

45 - 1 An independent auditor who uses the work and reports of other independent auditors who have examined the financial statements of other components of a company included in the financial statements being presented, is called the principal auditor.

45 - 2 The principal auditor may assume responsibility for the work of other auditors insofar as that work relates to the principal auditor's expression of an opinion on the

financial statements provided he refers to the other auditor's examination.

- 45 - 3 If the principal auditor assumes responsibility for the other auditor's work, the other auditor is relieved of responsibility for his own report.
- 45 - 4 If the other auditor is an associate of the principal auditor's firm, the principal auditor should not accept responsibility for his work.
- 45 - 5 If the principal auditor refers to the examination of the other auditor, he should state in both the scope and opinion paragraph the division of responsibility between his examination and the other auditor's examination.
- 45 - 6 The principal auditor should inquire into the professional reputation and independence of the other auditor, whether or not he decides to refer to the examination of the other auditor.
- 45 - 7 Even if the other auditor's report is qualified, it may not be necessary for the principal auditor to qualify his report or refer in his report to the qualification.
- 45 - 8 When one auditor succeeds another, if the successor auditor is unable to express an opinion in the first year on the consistency of the application of accounting principles, he must qualify or disclaim an opinion.

Statement No. 46--Piecemeal Opinions

- 46 - 1 To support a piecemeal opinion as to specific items in a financial statement, the materiality threshold for individual items is

ordinarily considered as statements taken

46 - 2 The expression with respect to the financial statement is a comprehensive examination is required.

46 - 3 A piecemeal opinion is one that no opinion is expressed on the results of the examination.

46 - 4 If a piecemeal opinion is appropriate, it should be stated in the opinion.

ordinarily higher than for such items considered as components of financial statements taken as a whole.

- 46 - 2 The expression of a piecemeal opinion with respect to specific items included in financial statements usually requires a more extensive examination than ordinarily required.
- 46 - 3 A piecemeal opinion should clearly indicate that no opinion on financial position or results of operations is intended.
- 46 - 4 If a piecemeal opinion is considered appropriate, it should be placed immediately before the adverse opinion or disclaimer of opinion.

Statement No. 47--Subsequent Events

- 47 - 1 An example of a condition subsequent to the balance sheet date which would require an adjustment of the financial statements before issuance is a loss on an uncollectible trade account receivable as a result of a customer's bankruptcy.
- 47 - 2 If an event takes place subsequent to the balance sheet date which does not require an adjustment of the financial statements, it may be desirable to present a pro forma balance sheet with the other statements.
- 47 - 3 An example of a subsequent event which would not result in an adjustment to the financial statements would be a capital stock issue.
- 47 - 4 Generally the date of the independent auditor's report is the date it is issued.
- 47 - 5 An independent auditor may use "dual dating" in financial reports disclosing an event which occurred after completion of field work but before the issuance of the report.
- 47 - 6 An auditor should never reissue his report on a financial statement.
- 47 - 7 The Securities Act of 1933 states that an independent auditor, whose report is included in a registration statement, will be considered an expert.

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- 48 - 5 Capsule
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- 48 - 6 The account
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- Statement No. 49--Field Work
- 49 - 1 The primary
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- 49 - 2 Reports
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- 49 - 3 The auditor
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Statement No. 48--Letters For Underwriters

- 48 - 1 Letters for Underwriters are commonly called "comfort letters."
- 48 - 2 The SEC requirements for comfort letters are substantially the same for the

independent certified public accountant as those pertaining to registration statements.

- 48 - 3 A comfort letter may be addressed to either the client or the underwriter, but should not be addressed to a third party.
- 48 - 4 A comfort letter basically contains the independent auditor's opinion with respect to the audited financial statements included in the registration statement.
- 48 - 5 Capsule information consists of selected unaudited income-statement items comparing a period within the current year with a corresponding period of the prior year.
- 48 - 6 The accountants, underwriters, and the client should meet together and discuss the procedures and general subjects to be covered in the comfort letter.

Statement No. 49--Reports On Internal Control

- 49 - 1 The primary conceptual criterion used in designing a system of internal control should be the cost-benefit relationship.
- 49 - 2 Reports on internal control are prepared primarily for management and the stockholders.
- 49 - 3 The auditor should never allow his report on internal control to be issued to the general public in a document containing unaudited financial statements.

Statement No. 50--Reporting On the Statement Of Changes
In Financial Position

- 50 - 1 If there is a variation between periods of the terms used to express changes in financial position, it may cause the auditor to express an exception as to consistency.
- 50 - 2 The independent auditor must use his professional judgment to determine the various types of information that a company should disclose in the statement of changes.
- 50 - 3 If an entity issues financial statements without including a statement of changes, the auditor should normally issue an adverse opinion.
- 50 - 4 To avoid liability, the AICPA has advised the auditor to prepare a basic statement of changes and include it in his report when the client's management has declined to present such a statement.

Statement No. 51--Long

- 51 - 1 If market based on a ket, they competent e market valu
- 51 - 2 Unaudited f issued on e and taxing provide inf themselves
- 51 - 3 Audited fir dential mat to investme obligation.
- 51 - 4 An investo tionate sha operations investee's statements end stateme
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- 51 - 6 The refusal sary financ evidence ti ability to over operat the invest

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Statement No. 51--Long-Term Investments

- 51 - 1 If market quotations of security prices are based on a reasonably broad and active market, they ordinarily constitute sufficient competent evidential matter as to the current market value of unrestricted securities.
- 51 - 2 Unaudited financial statements, reports issued on examination by regulatory bodies and taxing authorities, and similar data provide information and evidence, and are by themselves sufficient as evidential matter.
- 51 - 3 Audited financial statements constitute evidential matter that may be used with respect to investments in bonds and similar debt obligations, loans, and advances.
- 51 - 4 An investor should not include its proportionate share of an investee's results of operations based on data obtained from the investee's most recent reliable financial statements, which may be its audited year-end statements.
- 51 - 5 APB Opinion No. 18 states that the equity method of accounting for an investment in common stock should be used by an investor whose investment in voting stock gives it the ability to exercise significant influence over operating and financial policies of an investee even though the investor holds 50% or less of voting stock.
- 51 - 6 The refusal of an investee to furnish necessary financial data to the investor is not evidence that the investor does not have the ability to exercise significant influence over operating and financial policies of the investee.

- 51 - 7 Because of existing conditions there is substantial uncertainty as to whether there has occurred a loss in value which is other than a temporary decline, the auditor should either qualify his opinion or disclaim an opinion on the financial statements taken as a whole, depending on the materiality of the investment.
- 51 - 8 With respect to the carrying amount of investments, a loss in value which is other than a temporary decline should not be recognized in financial statements of an investor.

Statement No. 52

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Statement No. 53

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Statement No. 52--Reports on Internal Control Based
on Criteria Established by Gov-
ernmental Agencies

- 52 - 1 Statement No. 52 does not apply if criteria for evaluation of the adequacy of internal control procedures have not been established by the governmental agency.
- 52 - 2 In expressing an opinion on the internal control of an agency, the auditor's report should never mention any material weakness that is not covered by the agency's established criteria.

Statement No. 53--Reporting on Consistency and
Accounting Changes

- 53 - 1 Changes in reporting entity that require recognition in the auditor's opinion would include a change in the companies included in combined financial statements.
- 53 - 2 When the independent auditor is expressing an opinion on the financial statements for the initial accounting period of a company, he should not refer to consistency.
- 53 - 3 If a newly adopted accounting principle is not a generally accepted accounting principle, the auditor should express a qualified opinion or an adverse opinion if the effect is sufficiently material.
- 53 - 4 Whenever an accounting change results in an independent auditor expressing a qualified or adverse opinion on the conformity of financial statements with generally accepted accounting principles for the year of such change, it is not

necessary to consider possible effects on subsequent years.

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Statement No. 54--The Auditor's Study and Evaluation of Internal Control

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54 - 1 Administrative control is the plan of organization and the procedures and records concerned with the decision processes leading to management's authorization of transactions.

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54 - 2 Accounting control comprises the plan of organization and the procedures concerning the safeguarding of assets and the reliability of financial records that are designed to provide reasonable assurance that: (a) Transactions are executed in accordance with management's general or specific authorization, (b) Transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles (or any other applicable criteria) and to maintain accountability for assets, (c) Access to assets is permitted only in accordance with management's authorization, (d) The recorded accountability for assets is compared with existing assets at reasonable intervals and appropriate action taken on differences.

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54 - 3 Management should never use estimates in evaluating the cost-benefit of having internal controls, as estimates do not provide absolute assurance that management's objectives will be carried out.

54 - 4 Accounting control is within the scope of the study and evaluation of internal control contemplated by generally

accepted auditing standards, while administrative control is not.

- 54 - 5 Adequate evaluation of a system of internal control requires a review of the system and tests of compliance.
- 54 - 6 Tests of compliance must be applied on a statistical basis, never on a subjective basis.
- 54 - 7 The auditor relies on internal control to reduce the risk that material errors will occur in the accounting process by which the financial statements are developed, while the auditor must rely on tests of details and other auditing procedures to reduce the risk that any material errors that occur will not be detected in the auditor's examination.
- 54 - 8 The reliance on tests of details and other auditing procedures may properly vary inversely with the reliance on internal control.

11. Answers

Statement No. 33--Statements on Auditing Procedures

Chapter 1--Responsibilities and Functions of Independent Auditors

33 - 1 False.

33 - 2 True.

33 - 3 False.

33 - 4 True.

33 - 5 True.

Chapter 2--Generally Accepted Audit Standards

33 - 6 False.

33 - 7 True.

33 - 8 True.

33 - 9 True.

Chapter 3--General Standards

33 - 10 False.

33 - 11 False.

Chapter 4--Adequacy of Planning and the Timing of Field Work

33 - 12 False.

33 - 13 True.

Chapter 5--Evaluation of Internal Control

33 - 14 True.

33 - 15 False.

33 - 16 False.

Chapter 6--Evident

33 - 17 True.

33 - 18 True.

33 - 19 True.

33 - 20 True.

33 - 21 False.

Chapter 7--Adherer
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33 - 22 True.

33 - 23 True.

Chapter 8--Consist
Accepte

33 - 24 False.

33 - 25 True.

33 - 26 True.

33 - 27 True.

Chapter 9--Adequac

33 - 28 True.

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33 - 15 False.

33 - 16 False.

Chapter 6--Evidential Matter

33 - 17 True.

33 - 18 True.

33 - 19 True.

33 - 20 True.

33 - 21 False.

Chapter 7--Adherence to Generally Accepted Accounting Principles

33 - 22 True.

33 - 23 True.

Chapter 8--Consistency of Application of Generally Accepted Accounting Principles

33 - 24 False.

33 - 25 True.

33 - 26 True.

33 - 27 True.

Chapter 9--Adequacy of Informative Disclosure

33 - 28 True.

33 - 29 False.

Chapter 10--Expression of Opinion, Or Reason For No
Opinion In The Independent Auditor's
Report

33 - 30 False.

33 - 31 False.

33 - 32 False.

33 - 33 True.

33 - 34 True.

Chapter 12--Long Form Reports

33 - 35 False.

33 - 36 True.

Chapter 13--Special Reports

33 - 37 True.

33 - 38 True.

33 - 39 True.

Statement No. 37--Public Warehouses

37 - 1 True.

37 - 2 True.

37 - 3 False.

37 - 4 True.

37 - 5 True.

Statement No. 38--Unaudited Financial Statements

38 - 1 True.

38 - 2 False.

38 - 3 False.

38 - 4 True.

38 - 5 False.

Statement No. 39--!

39 - 1 False.

39 - 2 False.

39 - 3 True.

39 - 4 False.

39 - 5 True.

Statement No. 41--S
i
F

41 - 1 True.

41 - 2 False.

41 - 3 True.

41 - 4 True.

Statement No. 42--R
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42 - 1 True.

42 - 2 False.

42 - 3 False.

42 - 4 False.

42 - 5 True.

38 - 2 False.

38 - 3 False.

38 - 4 True.

38 - 5 False.

Statement No. 39--Working Papers

39 - 1 False.

39 - 2 False.

39 - 3 True.

39 - 4 False.

39 - 5 True.

Statement No. 41--Subsequent Discovery of Facts Existing at The Date of the Auditor's Report

41 - 1 True.

41 - 2 False.

41 - 3 True.

41 - 4 True.

Statement No. 42--Reporting When a Certified Public Accountant is Not Independent

42 - 1 True.

42 - 2 False.

42 - 3 False.

42 - 4 False.

42 - 5 True.

Statement No. 43--Confirmations of Receivables and
Observation of Inventories

43 - 1 False.
43 - 2 True.
43 - 3 True.
43 - 4 True.
43 - 5 True.
43 - 6 True.
43 - 7 True.
43 - 8 False.
43 - 9 True.
43 - 10 False.

Statement No. 44--

44 - 1 True.
44 - 2 False.

Statement No. 45--

45 - 1 True.
45 - 2 False.
45 - 3 False.
45 - 4 False.
45 - 5 True.
45 - 6 True.
45 - 7 True.
45 - 8 True.

Statement No. 46--

46 - 1 False.
46 - 2 True.
46 - 3 True.
46 - 4 False.

Statement No. 47-

47 - 1 True.
47 - 2 True.
47 - 3 True.
47 - 4 False.
47 - 5 True.
47 - 6 False.
47 - 7 True.

Statement No. 48-

48 - 1 True.
48 - 2 False.
48 - 3 False.
48 - 4 True.
48 - 5 True.
48 - 6 True.

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Statement No. 44--Reports Following a Pooling of Interests

- 44 - 1 True.
- 44 - 2 False.

Statement No. 45--Using the Work and Reports of Other Auditors

- 45 - 1 True.
- 45 - 2 False.
- 45 - 3 False.
- 45 - 4 False.
- 45 - 5 True.
- 45 - 6 True.
- 45 - 7 True.
- 45 - 8 True.

Statement No. 46--Piecemeal Opinions

- 46 - 1 False.
- 46 - 2 True.
- 46 - 3 True.
- 46 - 4 False.

Statement No. 47--Subsequent Events

- 47 - 1 True.
- 47 - 2 True.
- 47 - 3 True.
- 47 - 4 False.
- 47 - 5 True.
- 47 - 6 False.
- 47 - 7 True.

Statement No. 48--Letters for Underwriters

- 48 - 1 True.
- 48 - 2 False.
- 48 - 3 False.
- 48 - 4 True.
- 48 - 5 True.
- 48 - 6 True.

Statement No. 49--Reports on Internal Control

49-1 True

49-2 False

49-3 True

Statement No. 50--Reporting on the Statement of
Changes in Financial Position

50-1 True

50-2 False

50-3 False

50-4 False

Statement No. 51--Long-Term Investments

51-1 True

51-2 False

51-3 True

51-4 False

51-5 True

51-6 False

51-7 True

51-8 False

~~Statement~~ No. 5

52 - 1 True
52 - 2 Fals

~~Statement~~ No. 51

53 - 1 True.
53 - 2 True.
53 - 3 True.
53 - 4 False

~~Statement~~ No. 54-

54 - 1 True.
54 - 2 True.
54 - 3 False.
54 - 4 True.
54 - 5 True.
54 - 6 False.
54 - 7 True.
54 - 8 True.

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Statement No. 52--Reports on Internal Control
Based on Criteria Established by
Governmental Agencies

52 - 1 True.
52 - 2 False.

Statement No. 53--Reporting on Consistency and
Accounting Changes

53 - 1 True.
53 - 2 True.
53 - 3 True.
53 - 4 False.

Statement No. 54--The Auditor's Study and Evalua-
tion of Internal Control

54 - 1 True.
54 - 2 True.
54 - 3 False.
54 - 4 True.
54 - 5 True.
54 - 6 False.
54 - 7 True.
54 - 8 True.