

Course No:ACC3310  
Course Title: Auditing(2)  
Date: 15/09/2013  
No. of Questions: (3)  
Time: 2 hours  
Using Calculator (No)

University of Palestine



final Exam  
2013/2014  
Total Grade:

Instructor Name: \_\_\_\_\_  
Student No.: \_\_\_\_\_  
Student Name: \_\_\_\_\_  
College Name: \_\_\_\_\_  
Dep. / Specialist: \_\_\_\_\_  
Using Dictionary (No)

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### Question.No(1)

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The undermentioned is specimen of external auditors report for one corporation:

We have audited the financial statements of the chemical Industrial corporation for the year ending on 31.12.2004 In our opinion the balance sheet presents fairly the financial position of the company on 31.12.2004, and the Income statement shows clearly from where the money comes and how it paid for the year then ended.

You are required to answer the following questions:

1. To define the type of auditors opinion as mentioned above in his report.
2. To define your point of view in writing and the shape of the report according to the professional auditing standards and the existence of the necessary elements for the correctness of this report.

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### Question.No(2)

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You are required to answer the following question:

1. Definition of horizontal analysis.
  2. Definition of vertical analysis.
  3. Risks resulting from contingent liabilities.
  4. Risks resulting from subsequent events.

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### Question.No(3)

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The following balances appeared at the balance sheet of some corporations on 31.12.1997

Assets		liabilities
Current Assets:	90000	
Inventory:		
Raw Material	30000	
Goods under operation		
Finished Goods	150000	

The following information appearing through auditing:

1. Selling a part of raw material its value is J.D.20.000 on 10.01.1998 owing to its damage .The mount collected from sale is J.D.3000
2. The company purchased a raw material,its value is J.D.10.000,the delivery is the seller stores. The seller shipped the goods on28.12.1997.the invoice arrived and registered (recorded) as

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- purchases and entered with ending inventory of raw material .but the raw material itself did not arrive until 31.12.1997.
3. The finished good including the value of J.D20.000 at Rafah branch,and the value of .J.D10.000 at agent of the company at Khan younis,and the value of 15000J.D.agreed to sell it on condition to the seller store delivery and the invoice is written on31.12.1997,but the goods still at stores and a value of J.D5000 is obsolete goods no body can purchase it.
  4. The company evaluated all kinds of inventory at lower cost or market price according to the application of conservatism policy.

Wanted:

1. The auditor's procedures to realize the existence of the finished goods.
2. Do you agree at the method of evaluating the inventory and why?
3. Defining the value of inventory in the balance sheet on31.12.1997.
4. Assume that the company changes the method of defining the value of inventory from fifo to lifo .what is the effect of this change on your opinion at the audited report?
5. Assume that the company evaluated the inventory at replacement cost on 31.12.1997 to reflect the current value at market.what is the effect of this evaluation on the auditor's opinion at his report?

**End of questions**  
**Good Luck**