

**C. P. A. AUDITING QUESTIONS TO
JANUARY 1, 1914, COMPRISING ALL THE
AVAILABLE EXAMINATION QUESTIONS
IN AUDITING THAT HAVE BEEN SET BY C.
P. A. EXAMINING BOARDS UP TO AND
INCLUDING DECEMBER 31, 1913**

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HARRY C. BENTLEY

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Examining Boards Up To and Including
December 31, 1913

COMPILED BY

HARRY C. BENTLEY, C. P. A.



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PREFACE

This compilation involved the inspection of the available C. P. A. questions in auditing, which have been set up to January 1, 1914, by boards of examiners of the thirty-two states having C. P. A. laws. Duplicate questions have been eliminated, the questions retained being credited, as far as possible, to the state boards by which they were originally propounded. In some cases questions are included which partially duplicate others but which include some essential features not stated elsewhere. It is the writer's intention to publish the answers to these questions in a subsequent volume.

The following tabulation shows the total number of audit questions set by each state board of examiners up to and including December, 1913, and the number of original questions selected by the author. The balance may be said to represent duplicate questions; *e. g.*, New York leads with a total of 525 questions, of which 309 are originals, leaving 216 as representing duplicates (about 41 per cent).

From the totals of this tabulation it will be seen that the total number of available C. P. A. questions in auditing up to January, 1914 (and including Maine questions for January, 1914), is 1,353, of which 705 are originals and 648 are duplicates (about 48 per cent).

In the opinion of the writer the C. P. A. boards of examiners are to be congratulated upon having propounded such a large number of excellent questions.

STATES HAVING C. P. A. LAWS

State	C. P. A. Law Enacted	Number of Examinations Set to January 1, 1914, of Which Questions Are Available	Total Audit Questions Available to January 1, 1914	Total Original Questions Selected by Author
New York.....	1896	35	525	309
Pennsylvania (a)....	1899	18	186	160
Maryland (b).....	1900	3	35	1
California*.....	1901			
Washington (c)....	1903	2	18	10
Illinois.....	1903	14	143	101
New Jersey (d)....	1904	5	10	4
Michigan (e).....	1905	5	50	20
Florida.....	1905	5	75	31
Rhode Island*.....	1906			
Utah*.....	1907			
Colorado (f).....	1907	1	10	9
Connecticut*.....	1907			
Ohio.....	1908	6	61	18
Louisiana (g).....	1908	1	13	4
Georgia (h).....	1908	1	10	4
Montana*.....	1909			
Missouri (i).....	1909	2	24	19
Minnesota.....	1909	4	63	21
Nebraska*.....	1909			

*Questions not available.

(a) Beginning in November, 1907, the Pennsylvania board of examiners discontinued setting questions under the three subdivisions of accountancy (Theory of Accounts, Auditing, and Practical Accounting) and adopted the plan of setting questions under the one heading of "General Accounting." Until that time 110 questions in auditing had been set. Since that time questions in auditing have been included in the general accounting examinations. The author has taken from the general accounting examination papers in 1907-1914 such questions as might be included under auditing, consisting of 76 questions, of which he has selected 56.

(b) Questions prior to 1909 not available.

(c) Questions set by the board of examiners of the state of Washington are available only for the years 1908 and 1913. The former included eight questions in auditing, of which three were selected by the author. The latter did not include questions under the three usual headings (Theory, Auditing, and Practical Accounting), the board of examiners having adopted the excellent plan inaugurated by the Pennsylvania board in 1907, of setting one examination in general accounting. From the 1913 examination the author has selected seven out of a possible ten.

(d) New Jersey questions are available only for the years 1904-1909.

(e) Only five sets of Michigan C. P. A. questions are available, including the last one given in 1913.

(f) Colorado questions available for 1913 only.

(g) Louisiana questions available for 1913 only.

(h) Selected questions from various examinations by the Georgia board of examiners are published in book form, including ten questions in auditing. Of this number the author has selected four.

(i) Missouri questions available for 1912 and 1913 only.

STATES HAVING C. P. A. LAWS

State	C. P. A. Law Enacted	Number of Examinations Set to January 1, 1914, of Which Questions Are Available	Total Audit Questions Available to January 1, 1914	Total Original Questions Selected by Author
Virginia	1910	3	31	8
Massachusetts	1910	5	75	30
West Virginia*.....	1911			
Vermont†	1912			
Tennessee*	1913			
Oregon*	1913			
North Carolina.....	1913	1	14	9
North Dakota†.....	1913			
Nevada†	1913			
Maine†	1913	1	10	7
Delaware†	1913			
Wisconsin†	1913			
Totals.....		112	1,353	705

*Questions not available.

†No examinations set prior to 1914. (First Maine examination held January 27, 1914.)

Taken collectively, these questions exhaust practically all the fundamental principles of auditing in theory and practice, and cover the subject very broadly in its relation to audits, examinations, and special investigations of various lines of business.

In this latter field the questions are perhaps open to criticism. In order to answer all the questions embodied in this compilation correctly, the accountant must be prepared to explain in detail how to audit the books and accounts of the following:

- Trading (various lines)
- Manufacturing (various lines)
- Fire insurance company
- Savings bank
- Executor of an estate

Building and loan association
Street railway and electric lighting company
Gas company
Trust company
National bank
Stock broker
Municipality
Commission house
Wholesale dry-goods company
Railroad
Department store
Real estate development company
Life insurance company
Coal mining company
Contractor and builder
Construction company
Trustee of an estate
Theatre
Milling company
Tax collector's accounts
Water registrar's accounts
Accounts for professional men
Clubs and associations
Grocery store
Lumber company
Gold mining company

There are probably few practitioners who could give an authentic and detailed treatise upon the audit of each of the foregoing. It does not come within the province of the ordinary accountant's professional experience to audit or to become familiar with the accounting methods of such a **varied** line of activities, for the above list covers a very **broad** field.

Also the audit or examination of national banks and trust companies constitutes a specialty, and one who is not familiar with the inside workings of these financial institutions is not prepared to carry on an audit or examination in the most efficient manner, regardless of his professional experience in other lines. The same holds true with respect to brokers' accounts and railroad accounts.

It is the writer's contention that C. P. A. questions should not deal too much with specific lines of business, nor with exceptions to general practice. Mercantile and manufacturing businesses furnish the great bulk of the professional accountant's clientele. To judge a man's fitness to become a C. P. A. through questions dealing with bank examinations, or audits of brokers' accounts, railroad accounts, fire or life insurance accounts, or special rulings of state or federal commissions, is to subject him to a test that does not prove his general fitness, and that places a premium on exceptions to general practice. The questions worth while are the questions which test one's knowledge of fundamental principles, one's ability to reason logically, and one's knowledge to carry out the sort of work intelligently which a man with the practical experience required in the C. P. A. law of a given state might reasonably be expected to perform.

Nor should the requirements for admission to C. P. A. ranks be placed too high. The general public does not consider that because a young professional man is permitted by law to practice as a lawyer, physician, or dentist, that he is as capable as those of his profession who have had a broad professional experience; nor does the general public consider that the title of Certified Public Accountant alone is a conclusive measure of one's ability as an accountant. That is a matter of degree which no sort of legislation can regulate beyond a fair starting point. The C. P. A. laws