

School of Accounting and Commercial Law

ACCY 232 AUDITING AND TAX

Trimester Two 2006

COURSE OUTLINE

Contact Details

The *Course Lecturers* are as follows:

	Office	Telephone	E-Mail Address
Tim Fairhall	RH 631	463 6709	tim.fairhall@vuw.ac.nz
David Dunbar	RH 624	463 7422	david.dunbar@vuw.ac.nz

The *Course Administrator* is Sandy Fackney, RH 710, Phone direct 463 6680, or e-mail sandy.fackney@vuw.ac.nz

The *Administrative Assistant* is Marina Dobrovolskaya, Reception (RH 708), Phone direct 463 5775, or e-mail marina.dobrovolskaya@vuw.ac.nz

The course administrator should be contacted in relation to any changes to scheduled tutorial attendance and other inquiries, of an administrative nature. Uncollected and misplaced assignment inquiries should be directed to your tutor in the first instance - if unsuccessful, please see the course administrator.

Should your performance in this course in relation to any of the specified mandatory course requirements be impeded by unforeseeable events (or circumstances such as sickness, bereavement of a close relative or other such personal difficulties), you should contact the course administrator as soon as is reasonably possible. You will be required to complete a form, which will need to be approved by the course co-ordinator. **Do not delay this until the end of the course or when final results are posted.**

The *Course Co-ordinator* is Tim Fairhall, Room RH 631, Phone direct 463 6709, or e-mail tim.fairhall@vuw.ac.nz

Class Times and Room Numbers

Lectures are scheduled for Tuesday, Wednesday and Thursday 10.30 – 11.20am, commencing Tuesday 11 July 2006 in RH LT1.

There will be nine tutorials held during the weeks beginning:

24 July, 31 July, 7 August, 14 August, 11 September, 18 September, 25 September, 2 October, 9 October

Tutorial groups will be determined during the first two weeks of the trimester and posted on Blackboard, and on the Notice board on the Mezzanine floor of RH at latest by 21 July 2006.

Course Objectives & Content

The overall objectives for this course are for successful students to be able to:

- 1) Research and analyse auditing and tax concepts through debate with other students
- 2) Develop judgment skills, using ethical frameworks, case law and professional standards to guide actions
- 3) Apply audit and tax concepts to everyday business activities.

The particular learning objectives within the auditing and tax modules are:

AUDITING MODULE (6 weeks)

THE NATURE AND PURPOSE OF AUDITING (2.5 weeks)

Learning objectives: That students can:

- a) Explain the role of auditing and other assurance services
- b) Differentiate the external and internal audit roles in contributing to corporate governance
- c) Appreciate professional ethics, including independence and objectivity
- d) Identify current issues impacting the audit profession

THE AUDIT STANDARDS (1 week)

Learning objectives: That students can:

- a) Demonstrate an awareness of International Standards of Auditing 'ISA'
- b) Recognise the linkage of ISA with Auditing standards commonly employed in New Zealand as promulgated by NZICA and the OAG

THE AUDIT PROCESS (2.5 weeks)

Learning objectives: That students can:

- a) Describe the key components of the external audit process
- b) Recognise the importance of understanding the business being audited
- c) Demonstrate an understanding of audit risk and materiality

TAXATION MODULE (6 weeks)

NEW ZEALAND TAXATION (1 week)

Learning objectives: That students can:

- a) Demonstrate an awareness of direct and indirect taxation as an instrument of fiscal policy
- b) Demonstrate an awareness of income tax, GST, FBT, withholding taxes and imputation credits
- c) Display an awareness of the international tax regime

INCOME TAX (3.5 weeks)

Learning objectives: That students can:

- a) Distinguish taxable from non-taxable income and deductible from non-deductible expenditure
- b) Describe how tax-timing issues arise
- c) Describe the process for calculating income tax liabilities for corporate entities and individuals

GOODS AND SERVICES TAX (1.5 weeks)

Learning objectives: That students can:

- a) Demonstrate an awareness of the principles underlying goods and services tax
- b) Demonstrate an understanding of the concepts of taxable activity, taxable person, taxable period, taxable supplies, exempt supplies and zero-rating
- c) Demonstrate the calculation of goods and services tax using the invoice and cash bases, apportionment and adjustments

The Course Programme on page 9 of the course outline provides the general topics to be covered by each lecturer during the 3-week lecture blocks of each lecturer.

Expected Workload

You should expect to spend on average 12 hours per week on the course (excluding travelling time and study for the exam). How this time is made up will vary from week to week, but would typically comprise:

- 3 hours in scheduled lectures;
- 6 hours preparing for and participating in workshops/tutorials and completing the assignment; and,
- 3 hours reading for lectures, and revising lecture and workshop notes.

Unless you keep up with the course work, you are likely to face considerable problems catching up in order to be adequately prepared for the exams.

In order to benefit from lectures you should read the relevant sections of the Course Materials Book (CMB) relating to each lecture topic **before** the lectures.

Group Work

Working in groups is an important component of this course. The content and expectations of workshop/tutorials is explained under Assessment Requirements below.

Readings

There are many texts that provide a good explanation of the concepts that underpin auditing and tax. However, all these texts deal with these subjects in much more detail than is expected for this course.

For the first trimester course of ACCY 232 in 2007 SACL is exploring with publishers the possibility of having a combined introductory auditing and tax text produced. Hence for 2006 there will not be a required text, however the following texts provide additional background to supplement the extensive Course Material Book produced for the course.

Auditing texts

- Gay & Simnett – *Auditing and Assurance Services in Australia* – 3rd edition (McGraw-Hill Australia ISBN 007471563-1)
- Leung, Coram, Cooper, Cosserrat & Gill – *Modern Auditing & Assurance Services* – 2nd edition (Wiley Australia ISBN 047080323-1)
- Rittenberg, Schwieger, Schelluch, Topple & Jubb – *Assurance & Auditing Concepts for a Changing Environment* – 1st edition (Thomson Learning Australia ISBN 0-17-011134-2)
- Arens, Elder & Beasley – *Auditing and Assurance Services an integrated approach* – 11th edition (Pearson Education USA ISBN 013186712-1).

Tax text

- Alley, Chan, Dunbar, Marples, Sharp *New Zealand Taxation Principles, Cases, Questions* – 2006 edition (Thomson Brookers ISBN tba)

Further readings available are the International Standards on Auditing issued by the International Federation of Accountants (IFAC), which can be accessed (after registering with IFAC) free of charge <http://www.ifac.org/Store/Details.tmp?SID=95705605132866&Cart=11339029141882171>

Materials and Equipment

Silent, non-programmable electronic calculators may be used in the exams. Calculators that have alphanumeric keyboards or can display words are **not** permitted. Provided the relevant form and approval is obtained from the FCA counter in Railway or Easterfield and brought with you to the exam, foreign language to English dictionaries are permitted in exams.

Assessment Requirements

Workshops/Tutorials/Assignments

At eight of the nine tutorials **four** or **five** students (depending on the class size) will be required to lead the discussion on the tutorial topic. You will be required to lead two tutorials during the course, one on auditing and one on tax. Tutors will lead discussion at the first tutorial in the week beginning 24 July 2006 and outline their expectations of the presentations.

Tutorial groups and presentation teams will be posted on Blackboard at latest by 21 July 2006.

All students will be required to prepare **a bullet-point solution** to the tutorial topic and place it in the designated assignment box on the mezzanine floor of Rutherford House by Monday **12 noon** of the week of the tutorial.

To assist in student learning of the tutorial topic it is suggested a copy of your solution be retained for use at the tutorial.

Up to 10% of your course mark will be awarded for your preparation for and leading of each of the tutorial discussions in the weeks you are the lead presenters. There are 5 marks per presentation, assessed as 1 for preparation and coordination with the other presenter(s), 1 for confident oral expression, 3 for strength of argument, getting discussion going with the other students and ability to debate your view.

Another 5% will be awarded where you are not one of the lead presenters, for your participation in the tutorial and the content of your solution. You will not receive a formal mark for your solution, but it will be reviewed in determining your preparation for and participation in the weekly workshop/tutorial. You will receive 0% or 5% based on your participation and solutions produced.

No publication or otherwise of the suggested solutions to workshop/tutorial topics will be given on Blackboard or distributed by tutors. Hence you will need to attend the workshop/tutorial to ensure you get the full benefit of discussion and debate on the subject material.

Exams

There will be a test/in-term examination during the week beginning 14 August 2006. Results for this exam will be posted immediately following the mid-term break on Blackboard and on the designated noticeboard on the Mezzanine floor of Rutherford House.

The content of the test will be taken from the material covered during the first five weeks of lectures and tutorials.

The final exam will cover the entire course, with emphasis on the last seven weeks of material covered in lectures and tutorials. The university examination period takes place between 16 October and 10 November 2006.

Final grade determination

The final grade awarded for this course will be determined on the following basis:

<i>Item of assessment</i>	<i>Weighting</i>
Tutorial participation/Assignments	5%
Two workshop/tutorial leads	10%
Mid-trimester exam (135 minutes)	30%
End-trimester exam (180 minutes)	55%

To pass this course, students must meet the ***mandatory course requirements*** (see below).

A summary of the areas expected to be covered in your answers to the exams will be posted on Blackboard.

Should you wish to have your mark/grade reassessed for the mid-trimester exam or workshop/tutorial leads, please complete the form on page 11 of this course outline and deliver it to the Course Co-ordinator.

Should you wish to have your end-trimester exam reconsidered you will need to complete the requisite form at the Student Administration Office and pay the required fee. The fee will be refunded if the reconsideration results in an upward revision of your grade.

In order to benefit from lectures you should read the relevant sections of the Course Materials Book (CMB) relating to each lecture topic **before** the lectures.

Penalties

Should you fail to submit at least seven of the eight assignments demonstrating preparation for workshops/tutorials by the due time you will forfeit 5% of your marks.

Mandatory Course Requirements

To meet the mandatory course requirements you must:

- a) Take two workshop leads;
- b) Sit the mid-trimester exam;
- c) Attend at least seven of the nine workshops/tutorials; and
- d) **Obtain a mark of 45% in each of audit and tax in total from the mid-trimester and end-trimester exams.**

A list of attendances by students at workshops, along with whether there has been workshop participation and the marks for the workshop presentations by the lead students, will be updated weekly on Blackboard. Students who have any problems with this information on Blackboard must contact their tutor before the following weeks' tutorial/workshop.

Failure to meet mandatory course requirements will mean the student will not pass the course and will receive either a K, D or E grade, depending on whether you achieve 50% or not in the course overall.

Communication of Additional Information

Any additional information provided during lectures or information on changes to any aspects of the course will be conveyed to students through Blackboard announcements.

Faculty of Commerce and Administration Offices

Railway West Wing (RWW) - FCA Student and Academic Services Office

The Faculty's Student and Academic Services Office is located on the ground and first floors of the Railway West Wing. The ground floor counter is the first point of contact for general enquiries and FCA forms. Student Administration Advisers are available to discuss course status and give further advice about FCA qualifications. To check for opening hours call the Student and Academic Services Office on (04) 463 5376.

Easterfield (EA) - FCA/Education/Law Kelburn Office

The Kelburn Campus Office for the Faculties of Commerce and Administration, Education and Law is situated in the Easterfield Building - it includes the ground floor reception desk (EA005) and offices 125a to 131 (Level 1). The office is available for the following:

- Duty tutors for student contact and advice.

- Information concerning administrative and academic matters.
- Forms for FCA Student and Academic Services (e.g. application for academic transcripts, requests for degree audit, COP requests).
- Examinations-related information during the examination period.

To check for opening hours call the Student and Academic Services Office on (04) 463 5376.

General University Policies and Statutes

Students should familiarise themselves with the University's policies and statutes, particularly the Assessment Statute, the Personal Courses of Study Statute, the Statute on Student Conduct and any statutes relating to the particular qualifications being studied; see the Victoria University Calendar available in hard copy or under 'About Victoria' on the VUW home page at www.vuw.ac.nz.

Student and Staff Conduct

The Statute on Student Conduct together with the Policy on Staff Conduct ensure that members of the University community are able to work, learn, study and participate in the academic and social aspects of the University's life in an atmosphere of safety and respect. The Statute on Student Conduct contains information on what conduct is prohibited and what steps are to be taken if there is a complaint. For information about complaint procedures under the Statute on Student Conduct, contact the Facilitator and Disputes Advisor or refer to the statute on the VUW policy website at www.vuw.ac.nz/policy/studentconduct. The Policy on Staff Conduct can be found on the VUW website at www.vuw.ac.nz/policy/staffconduct.

Academic Grievances

If you have any academic problems with your course you should talk to the tutor or lecturer concerned; class representatives may be able to help you in this. If you are not satisfied with the result of that meeting, see the Head of School or the relevant Associate Dean; VUWSA Education Coordinators are available to assist in this process. If, after trying the above channels, you are still unsatisfied, formal grievance procedures can be invoked. These are set out in the Academic Grievances Policy which is published on the VUW website at www.vuw.ac.nz/policy/academicgrievances.

Academic Integrity and Plagiarism

Academic integrity is about honesty – put simply it means **no cheating**. All members of the University community are responsible for upholding academic integrity, which means staff and students are expected to behave honestly, fairly and with respect for others at all times.

Plagiarism is a form of cheating which undermines academic integrity. The University defines plagiarism as follows:

The presentation of the work of another person or other persons as if it were one's own, whether intended or not. This includes published or unpublished work, material on the Internet and the work of other student or staff.

It is still plagiarism even if you re-structure the material or present it in your own style or words.

Note: It is however, perfectly acceptable to include the work of others as long as that is acknowledged by appropriate referencing.

Plagiarism is prohibited at Victoria and is not worth the risk. Any enrolled student found guilty of plagiarism will be subject to disciplinary procedures under the Statute on Student Conduct and may be penalised severely. Consequences of being found guilty of plagiarism can include:

- an oral or written warning
- cancellation of your mark for an assessment or a fail grade for the course
- suspension from the course or the University.

Find out more about plagiarism, and how to avoid it, on the University's website at www.vuw.ac.nz/home/studying/plagiarism.html.

Students with Impairments

The University has a policy of reasonable accommodation of the needs of students with disabilities. The policy aims to give students with disabilities the same opportunity as other students to demonstrate their abilities. If you have a disability, impairment or chronic medical condition (temporary, permanent or recurring) that may impact on your ability to participate, learn and/or achieve in lectures and tutorials or in meeting the course requirements, please contact the Course Coordinator as early in the course as possible. Alternatively you may wish to approach a Student Adviser from Disability Support Services (DSS) to discuss your individual needs and the available options and support on a confidential basis. DSS are located on Level 1, Robert Stout Building, telephone (04) 463 6070, email disability@vuw.ac.nz. The name of your School's Disability Liaison Person is in the relevant prospectus or can be obtained from the School Office or DSS.

Student Support

Staff at Victoria want students to have positive learning experiences at the University. Each Faculty has a designated staff member who can either help you directly if your academic progress is causing you concern, or quickly put you in contact with someone who can. Assistance for specific groups is also available from the Kaiwawao Māori, Manaaki Pihipihinga or Victoria International.

In addition, the Student Services Group (email student-services@vuw.ac.nz) is available to provide a variety of support and services. Find out more at www.vuw.ac.nz/st_services/.

VUWSA employs Education Coordinators who deal with academic problems and provide support, advice and advocacy services, as well as organising class representatives and Faculty delegates. The Education Office (tel. 04 463 6983 or 04 463 6984, email education@vuwsa.org.nz) is located on the ground floor, Student Union Building.

Manaaki Pihipihinga - Maori and Pacific Mentoring Programme (Faculty of Commerce and Administration)

This is a mentoring service for Maori and Pacific students studying at all levels. Weekly one hour sessions are held at the Kelburn and Pipitea Campuses in the Mentoring Rooms, 14 Kelburn Parade, and Room 210 and 211, Level 2, Railway West Wing. Sessions cover drafting and discussing assignments, essay writing, and any questions that may arise from tutorials and/or lectures. A computer suite networked to Cyber Commons is available for student use.

To register with Manaaki Pihipihinga, please contact one of the following:

Puawai Wereta
Room 210, Level 2
Railway West Wing
Tel. (04) 463 8997
Email: Puawai.Wereta@vuw.ac.nz

Fa'afoi Seiuli
Room 109 B
14 Kelburn Parade
Tel. (04) 463 5842
Email: Faafoi.Seiuli@vuw.ac.nz

Lecture topics

The course will be lectured in 4 blocks of three weeks. 2 blocks will be audit and 2 blocks will be tax. The topic outline below is indicative only, albeit that the topics will be covered during the three-week block period.

Week beginning	Topic	Lecturer
10 July	What are Assurance Services? What is an audit?	Tim Fairhall
17 July	Corporate governance, professional ethics, and independence	Tim Fairhall
24 July	Current Audit Issues	Tim Fairhall
31 July	Government revenue, overview of tax system	David Dunbar
7 August	Conceptual framework, GST	David Dunbar
14 August	Gross revenue, FBT	David Dunbar
4 September	Auditing Standards & Regulators.	Tim Fairhall
11 September	The Audit process, including understanding the business.	Tim Fairhall
18 September	The auditor's reporting obligation. Materiality & Risk.	Tim Fairhall
25 September	Allowable deductions	David Dunbar
2 October	Entity taxation, tax planning	David Dunbar
9 October	Anti-avoidance, international tax	David Dunbar

The associated readings for these weeks are included in this Course Materials Book under tabs in order of the topics for the lectures outlined above.

WORKSHOP/TUTORIAL SIGN-UP INSTRUCTIONS

To sign up for your ACCY 232 workshop/tutorials you need to follow the instructions below. Please note that the [Blackboard](#) login procedure has changed. To login to [Blackboard](#) you must use your Victoria University student domain (SCS) user name and password.

1. To sign up select the '**Discussion Board**' button on the left hand side of the screen.
2. Click on '**Tutorial Sign-up**', which will open a list of tutorial times. Click on the workshop time of your choice. To register your name for this workshop you must then click on the '**Reply**' button at the bottom of the page.
3. Place an 'x' in the **message** box which is below **subject** and click on '**submit**' at the bottom of the page. You have now registered for this tutorial. Your name should appear under the tutorial of your choice. **Please note that no more than 15 students per workshop are accepted.** Count the number of names under the tutorial to ensure that there are **less than 15** names.
4. If you need to change your workshop group, please **remove** your name from the first workshop you signed up for. To do this, follow steps 1-3. Select '**Tutorial Sign-up**' and double click on the workshop time beside your name. Click the '**remove**' button, followed by **OK**. You can now choose a different tutorial time by following steps 2 and 3.
5. Any student who signs up more than **once** will be deleted from all workshops and emailed by the course administrator requesting they make their workshop choice again.
6. Any student who has signed up **after** a workshop group has been filled will be emailed by the course administrator and requested to select another workshop group.

Application for Re-mark of Assessment Item by SACL – Course:.....

**Note: This form is for Re-Assessment Items worth up to 30% of the total course assessment only.
Re-Assessment Items over 30% - application should be made through SAO**

Student ID NO:	Student Name:
Assessment piece: Workshop/Tutorial or Mid-trimester exam	Date submitted: <i>(Please circle one)</i>

1. I wish the following to be re-marked:

- | | | |
|--------------------------|--------------------------|--------------------------|
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Explain your reason for requiring a re-mark: (What part of the workshop presentation or mid-trimester test has not been assessed?)(Attach a separate sheet if necessary)

2. I accept that the subsequent re-mark may be higher, or no change from the current mark.

(Note: re-marks are not undertaken for trivial mark changes)

3. I believe the re-mark will result in a material difference

Student signature:

Date:

For office use only

Remarking will be completed by

Item of Assessment	Original Mark	Upgraded Mark
	Original Total Mark	Upgraded Mark

Course Coordinator signature:

Date: