

School of Accounting and Commercial Law

## **ACCY 232 AUDITING AND TAX**

Trimester Two 2007

### **COURSE OUTLINE**

#### **A. Contact Details**

The *Course Lecturers* are as follows:

	<b>Office</b>	<b>Telephone</b>	<b>E-Mail Address</b>
David Dunbar	RH 624	463 7422	<a href="mailto:david.dunbar@vuw.ac.nz">david.dunbar@vuw.ac.nz</a>
Tim Fairhall	RH 631	463 6709	<a href="mailto:tim.fairhall@vuw.ac.nz">tim.fairhall@vuw.ac.nz</a>

The *Course Administrator* is Sandy Fackney, RH 710, Phone direct 463 6680, or e-mail [sandy.fackney@vuw.ac.nz](mailto: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](mailto:marina.dobrovolskaya@vuw.ac.nz)

The administrative assistant should be contacted in relation to any changes to scheduled tutorial attendance and other inquiries, of an administrative nature. Uncollected and misplaced tutorial bullet-point summary inquiries should be directed to your tutor. Uncollected assignments will be available for collection from a box in the lecture theatre during the last week of term.

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 administrative assistant as soon as is reasonably possible. **Retrospective approval will NOT be granted.**

The *Course Co-ordinator* is David Dunbar, Room RH 624, Phone direct 463 7422, or e-mail [david.dunbar@vuw.ac.nz](mailto:david.dunbar@vuw.ac.nz)

#### **B. Class Times and Room Numbers**

Lectures are scheduled for Tuesday, Thursday and Friday 8.30 – 9.20am, commencing Tuesday 10 July 2007 in RH LT1.

There will be nine tutorials held during the weeks beginning:

23 July (Introduction/Audit), 30 July (Audit), 6 August (Audit), 13 August (Tax), 3 September (Tax), 17 September (Audit), 24 September (Audit), 1 October (Tax) and 8 October (Tax).

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 20 July 2007.

## **C. 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 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

#### ***THE AUDIT STANDARDS AND REGULATORS (1 week)***

Learning objectives: That students can:

- a) Demonstrate an awareness of International Standards of Auditing 'ISA' and NZ legislation
- 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
- d) Understand the auditor's reporting obligations, especially the audit opinion

#### ***CURRENT AUDIT ISSUES (0.5 WEEKS)***

Learning objectives

That students have an appreciation of a few issues that need to be addressed by the auditing profession over coming years.

### **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 7 of the course outline provides the general topics to be covered by each lecturer during the 3-week lecture blocks of each lecturer.

#### **D. 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 bullet-point summary; 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) and the Text book relating to each lecture topic **before** the lectures.

#### **E. 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.

#### **E. Reading**

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 time of the teaching of the course we have a ‘course specific’ text book to supplement the readings in the Course Materials Book. The text book and the course materials book should provide sufficient background information along side the lecture and tutorial material to pass the course. 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>

#### **F. Materials and Equipment**

Calculators will NOT be required for either the mid term exam or the end term exam. The mid term and the registry exams will be “open book”.

#### **G. Assessment Requirements**

##### ***1 Bullet-point summaries and tutorial participation 5 marks***

Except for students presenting, you will be required to prepare a bullet-point solution to the eight tutorials beginning from the second tutorial held during the week commencing 30 July. Your bullet point summary must be placed in the designated box on the Mezzanine floor of Rutherford House by Monday 12 noon of the week of the tutorial. Late summaries will not be accepted. You **MUST** ensure that each summary complies with the instructions:

1. The written content must be legible,
2. the following information **MUST** be provided;
  - Your full name,
  - Your correct student ID number,
  - Your correct tutorial group number ie **ONLY** the tutorial group you are enrolled in,

- Your tutors NAME.

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

**No publication or otherwise of the suggested solutions to workshop/tutorial topics will be given on Blackboard or distributed by tutors.** You will need to attend the workshop/tutorial to ensure you get the full benefit of discussion and debate on the subject material. Tutors will have notes to ensure that the presentations and the discussion in the tutorial adequately cover the topic.

The five percent (5%) will be awarded on the basis of;

1. Your weekly attendance,
2. Your weekly participation,
3. The content of your weekly bullet-point solutions.

Your tutor will grade your weekly performance as either “*acceptable*” or “*not acceptable*”. Tutors will post their weekly grades every week on Blackboard.

You will receive **either 0% or 5% at the end of the course based on your tutors overall assessment of your weekly grades.** Any student who is unhappy with their weekly mark must try and resolve this with their tutor before the following weeks’ tutorial. If it is not resolved then the tutor will forward the matter to Sandy Fackney. By way of illustration only it is unlikely that you will be eligible for the 5% participation mark if for example (without good reasons) you do not hand in seven of the eight bullet-point summaries.

## **2 Two Tutorial presentations 10 marks**

You will be required to enrol into a tutorial using ‘*S-cubed*’ which is a new University wide tutorial package. The instructions are outlined on page 9 of this course outline.

At eight of the nine tutorials three or four 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 23 July 2007 and outline their expectations of the presentations.

Tutorial groups and presentation teams will be posted on Blackboard at latest by 20 July 2007.

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 presenters, 1 for confident oral expression, 3 for strength of argument, getting discussion going with the other students and ability to debate your view. At the conclusion of each tutorial the presenters will be told by their tutor their individual marks out of 5 for each presentation. The marks will be updated weekly on Blackboard.

Any student who is unhappy with their mark must try and resolve this with their tutor before the following weeks’ tutorial. If it is not resolved then the tutor will forward the matter to Sandy Fackney.

## **3 Mid-trimester exam 27 marks**

There will be a mid-term examination held on **Thursday evening 16 August**, commencing at 5.30pm. Details of the room allocation etc will be posted on Blackboard. The content of the test will be taken from the material covered during the first five weeks of lectures and tutorials. This will be an ‘open book’ exam. Should you wish to have your mark reassessed for the mid-trimester test or tutorial presentations, please complete the form on page 9 of this course outline and deliver it to the Course Co-ordinator.

The results will be posted on Blackboard and on the designated notice board on the Mezzanine floor of Rutherford House during the week commencing 3 September.

#### **4 Final Exams 58 marks**

The final exam will cover the entire course, with particular emphasis on the last seven weeks of material covered in lectures and tutorials.

#### **H. Final grade Determination**

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

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

<i>Item of assessment</i>	<i>Marks Available</i>
1. Tutorial participation	5
2. Two tutorial presentations	10
3. Mid-trimester exam (105 minutes) – Audit	27
- Tax	27
4. End-trimester exam (180 minutes) – Audit	58
- Tax	58

#### **I. Penalties**

Should you fail to submit **seven** of the eight bullet-point summaries, by the due date and time, without the approval of your tutor, you will almost certainly forfeit the 5% allocated for tutorial participation.

#### **J. Mandatory Course Requirements**

To meet the mandatory course requirements you must:

1. Take two workshop leads; and
2. Sit the mid-trimester exam; and
3. You must attend at least seven of the nine tutorials. You must attend your designated tutorial group for your attendance to be recorded as part of this mandatory requirement; and
4. **Obtain a mark of at least 39 of the 85 (45%) marks available in EACH OF the audit and tax component of the mid-trimester and end-trimester exams; and**
5. Obtain an overall mark of at least 50%.

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.

#### **K. 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.

#### **L. 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 or go to [www.vuw.ac.nz/policy](http://www.vuw.ac.nz/policy).

For information on the following topics, go to the Faculty's website [www.vuw.ac.nz/fca](http://www.vuw.ac.nz/fca) under Important Information for Students:

- Academic Grievances
- Academic Integrity and Plagiarism
- Student and Staff Conduct
- Meeting the Needs of Students with Impairments
- Student Support

#### **Manaaki Pihipihinga Programme**

Manaaki Pihipihinga is an academic mentoring programme for undergraduate Māori and Pacific students in the Faculties of Commerce and Administration, and Humanities and Social Sciences. Sessions are held at the Kelburn and Pipitea Campuses in the Mentoring Rooms, 14 Kelburn Parade (back courtyard), Room 109D, and Room 210, Level 2, Railway West Wing. There is also a Pacific Support Coordinator who assists Pacific students by linking them to the services and support they need while studying at Victoria. Another feature of the programme is a support network for Postgraduate students with links to Postgraduate workshops and activities around Campus.

For further information, or to register with the programme, email [manaaki-pihipihinga-programme@vuw.ac.nz](mailto:manaaki-pihipihinga-programme@vuw.ac.nz) or phone (04) 463 5233 ext. 8977. To contact the Pacific Support Coordinator, email [pacific-support-coord@vuw.ac.nz](mailto:pacific-support-coord@vuw.ac.nz) or phone (04) 463 5842.

School of Accounting and Commercial Law

**ACCY 232 AUDITING AND TAX**

Trimester Two 2007

**Lecture topics**

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

<b>Week beginning</b>	<b>Topic</b>	<b>Lecturer</b>	<b>Textbook pages</b>
9 July	What are Assurance Services? What is an audit?	Tim Fairhall	1 – 17; 53 – 56
16 July	Corporate governance, professional ethics, and independence	Tim Fairhall	39 – 41; 75 – 79 80 – 83; 89 – 105
23 July	The audit standards and regulators	Tim Fairhall	44 – 50; 73 – 74
30 July	Income, business income, land sales	David Dunbar	1 – 11, 18 – 24
6 August	Personal property, deductions general & specific	David Dunbar	12 – 17, 30 – 45
13 August	Entity taxation, buying a business, trusts taxation	David Dunbar	63 – 66
3 September	The audit process, including understanding the business	Tim Fairhall	41 – 44; 146
10 September	Materiality and risk judgment	Tim Fairhall	131 – 136; 139 – 145; 149 – 161
17 September	The auditor's reporting obligation and current audit issues	Tim Fairhall	64 – 70; 80; 84 – 86; 448 – 462
24 September	Tax avoidance, tax planning, international tax	David Dunbar	46 – 62, 67 – 79
1 October	International tax, employment, FBT	David Dunbar	25 – 29, 67 – 79
8 October	GST	David Dunbar	80 – 85

**The associated readings for these weeks are included in this Course Materials Book under tabs with the lecture overheads or slides in order of the topics for the lectures outlined above.**

## Detailed Tutorial Signup Instructions

1. Go to the signup website at: <https://signups.vuw.ac.nz>
2. Enter your SCS username and password to login the system.
3. The “Signup Home” page opens. It displays all courses you are enrolled for and that use the S-Cubed Tutorial & Workshop Signup system. Click on the course you wish to sign up for.
4. The selected course page opens. It will show the course contact and brief details of the signup instructions. A “key” is provided at the bottom that explains all buttons and what they do.
5. The schedule of tutorials includes the day/time, location, maximum group size, and spaces left in the tutorial sessions.
6. If there are spaces left in a particular session, you will see the “ENROL” button next to it. You can click this button to enrol yourself into that tutorial session.
7. If there are NO more spaces left in a particular session, you will see the “JOIN WAITLIST” button, if available. You can click this button to join the waitlist for that tutorial session. Please note that you will be removed from any other waitlist you may have joined earlier. If somebody withdraws from this session, you will automatically be moved up the waitlist or enrolled into the session. In this case you are enrolled in the session; an email will be sent to you if you are enrolled into the session from a waitlist.
8. You can only “JOIN WAITLIST” if you have already enrolled in one of the other available sessions. In other words, “ENROL” in one session and then you can choose to join the waitlist for another preferred session.
9. You can choose to “WITHDRAW” from a session you have already enrolled for. You can also choose to “CANCEL WAITLIST” to remove yourself from a particular waitlist.
10. A “FULL” button indicates all seats and waitlist are full for that tutorial session. You must choose another session.
11. More details on the various buttons are available in the “Key” section at the bottom of the signup page.
12. You should “ENROL” in only ONE tutorial session and may “JOIN WAITLIST” for only ONE other tutorial session.
13. You can login and signup (or change your signup) anytime before the **closing date of the tutorial signup. You will NOT be able to sign up or change your choice after the tutorial signups have closed.**
14. You can view/confirm details of the sessions you are enrolled and waitlisted for, such as day/time and location by clicking on “My Signups” on the left hand menu.
15. Click on “Support” on the left hand menu if you are having problems.

This online signup system is available around the clock over the internet. Any requests after this date will need to be manually handled by the course administrator. You will need to submit a written application stating the reason why you were not able to sign up on time using the online system, along with other relevant documentation such as medical certificate etc.

Finally, **you must always attend the tutorial sessions that you have signed up for.** If you attend a different session, your attendance may not be recorded.



**Application for Re-mark of Assessment Item by SACL –**

**Course:**.....

**Note:** This form is for Re-Assessment Items worth up to 30 marks of the total course marks only.

Re-Assessment Items over 30 marks - application should be made through SAO

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

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

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

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**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:**

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*For office use only*

Remarking will be completed by		
<b>Item of Assessment</b>	<b>Original Mark</b>	<b>Upgraded Mark</b>
	<b>Original Total Mark</b>	<b>Upgraded Mark</b>
Course Coordinator signature:		Date:

<p><b><u>SURNAME:</u></b>.....</p> <p><b>FIRST NAME:</b>.....</p> <p><b>STUDENT ID:</b>.....</p> <p><b>TUTORIAL GROUP NUMBER:</b>.....</p> <p>ACCY 232 Bullet Point Summary (Audit) No <b>6</b> Due on Monday, 24 September 2007 by 12 noon</p>	<p><b><u>SURNAME:</u></b>.....</p> <p><b>FIRST NAME:</b>.....</p> <p><b>STUDENT ID:</b>.....</p> <p><b>TUTORIAL GROUP NUMBER:</b>.....</p> <p>ACCY 232 Bullet Point Summary (Audit) No <b>5</b> Due on Monday, 17 September 2007 by 12 noon</p>
<p><b><u>SURNAME:</u></b>.....</p> <p><b>FIRST NAME:</b>.....</p> <p><b>STUDENT ID:</b>.....</p> <p><b>TUTORIAL GROUP NUMBER:</b>.....</p> <p>ACCY 232 Bullet Point Summary (Tax) No <b>4</b> Due on Monday, 3 September 2007 by 12 noon</p>	<p><b><u>SURNAME:</u></b>.....</p> <p><b>FIRST NAME:</b>.....</p> <p><b>STUDENT ID:</b>.....</p> <p><b>TUTORIAL GROUP NUMBER:</b>.....</p> <p>ACCY 232 Bullet Point Summary (Tax) No <b>3</b> Due on Monday, 13 August 2007 by 12 noon</p>
<p><b><u>SURNAME:</u></b>.....</p> <p><b>FIRST NAME:</b>.....</p> <p><b>STUDENT ID:</b>.....</p> <p><b>TUTORIAL GROUP NUMBER:</b>.....</p> <p>ACCY 232 Bullet Point Summary (Audit) No <b>2</b> Due on Monday, 6 August 2007 by 12 noon</p>	<p><b><u>SURNAME:</u></b>.....</p> <p><b>FIRST NAME:</b>.....</p> <p><b>STUDENT ID:</b>.....</p> <p><b>TUTORIAL GROUP NUMBER:</b>.....</p> <p>ACCY 232 Bullet Point Summary (Audit) No <b>1</b> Due on Monday, 30 July 2007 by 12 noon</p>

<p><b><u>SURNAME:</u></b>.....</p> <p><b>FIRST NAME:</b>.....</p> <p><b>STUDENT ID:</b>.....</p> <p><b>TUTORIAL GROUP NUMBER:</b>.....</p> <p><b>ACCY 232 Bullet Point Summary (Tax) No 8</b> <b>Due on Monday, 8 October 2007 by 12 noon</b></p>	<p><b><u>SURNAME:</u></b>.....</p> <p><b>FIRST NAME:</b>.....</p> <p><b>STUDENT ID:</b>.....</p> <p><b>TUTORIAL GROUP NUMBER:</b>.....</p> <p><b>ACCY 232 Bullet Point Summary (Tax) No 7</b> <b>Due on Monday, 1 October 2007 by 12 noon</b></p>
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