

BFA713 AUDIT AND ASSURANCE

ASSIGNMENT

INTRODUCTION

The assignment is based on Bellamy's Australia Limited (ASX code BAL). Students may choose to submit the assignment individually, or in groups up to three students (maximum). For students who decided to do it in groups, they can choose their group members from any of the three workshops (i.e., Monday 9:00 am, Wednesday 10:00 am and Wednesday 5:00 pm). The assignment is to be submitted to the Turnitin Dropbox in BFA713 MyLO site by 2:00 pm on Monday, May 15, 2017. This assignment is worth 15% of the total mark for BFA713.

The objective of the assignment is to assess students' understanding and application of the concepts and theories learnt in BFA713 Auditing and Assurance. The assignment also aims to evaluate students' ability to apply the knowledge and skills learnt in the unit in analysing a real company from the auditor's perspective. The framework of the Australian Auditing Standards (AUASB) and the corresponding International Standards on Auditing (ISA) should guide the analysis.

In analysing the company, it is important that students understand the company operations, strategies, internal and external environment and the relevant financial and non-financial information. To gain such understanding, students have to conduct a thorough analysis of the company and its environment. Hence, the successful completion of the assignment requires extensive research on Bellamy's Australia. Students also need to demonstrate their ability to critically evaluate the various pieces of information gathered in identifying potential key audit risks that would influence the audit of the company.

Apart from assessing those abilities, the assignment also aims to assess students' ability to present a written report in a professional manner by taking into consideration the target audience and the formatting requirements.

REQUIRED

Assume that you are an audit senior who has been assigned to the audit of Bellamy's Australia Limited (ASX code BAL). Your audit team is responsible for planning the Bellamy's Australia audit engagement for the year ended 30 June 2017. You have been instructed by the engagement partner to gather the relevant background information about the company as part of the procedures to obtain an understanding of Bellamy's Australia and its environment as per Auditing Standard *ISA 315*. Based on the information gathered and the understanding of the client and its environment, you need to prepare a report for the

Bellamy's Australia audit committee. The report will be discussed in the audit committee meeting to be conducted on Tuesday, May 16, 2017. Hence, it is crucial that you complete the report latest by 2:00pm on Monday, May 15, 2017.

Your report must address the following issues:

1. You need to provide a detailed background description about Bellamy's Australia. This must include the information about its business operations, nature of revenue streams, product and services, market and competition, and regulatory environment. For the regulatory environment, you must be specific as to the regulations that affect the operation of Bellamy's Australia. The information presented must be based on your in-depth understanding of company's operation. Students who simply provide a summary of information from the annual report will not receive good marks. **[4 marks]**
2. One of the commonly used approach to assist auditor in obtaining information about the risks arising due to the nature of the entity's and its environment is the PEST analysis. It is a strategic analysis that divides the client's business environment into the following four domains of influence:
 - Political (P)
 - Economic (E)
 - Social (S)
 - Technological (T)

You need to prepare a PEST analysis detailing the factors that may have a material impact on the business of Bellamy's Australia. Two factors are expected for each of the four domains. You need to clearly explain how each of the factors could influence the client. **[4 marks]**

3. List and explain five key audit risks which would impact on the audit of Bellamy's Australia. For each of the key audit risks identified, identify the account and explain the main assertion at risk. The risks must be specific and relevant to the context of the audit of Bellamy's Australia. Each of the risks needs to be clearly elaborated. **[5 marks]**
4. Apart from the general formatting requirement described below, your report should be presented professionally in a format as if it were to be presented to an audit committee meeting. When appropriate, the use of tables, graphs and charts is highly encouraged. However, the assignment must be largely based on the text in paragraphs. Students need to demonstrate appropriate and accurate use of the Harvard style for references and citations. **[2 marks]**

General formatting requirement for the assignment is as follows:

- Maximum 2500 words (font size 12, 1 ½ line spacing, Times New Roman). The 2500 words include the body of the assignment and footnotes. It excludes cover sheet, title page, executive summary (optional), appendices and list of references. Students should not use appendices to circumvent the restrictions on the length of the assignment.
- TSBE Assignment cover sheet must be submitted as a separate document.
- In addition to the cover sheet, each assignment must have a title page. The title page should clearly indicate your name(s), your student ID and your workshop group. This title page must be attached to your assignment.
- Late submission will be penalised. Refer to the unit outline for more details.
- Plagiarism will not be tolerated. Refer to the unit outline for more details.