



FINAL EXAMINATION
MARCH 2024

COURSE TITLE	INTEGRATED CASE STUDY
COURSE CODE	AACT4133
DATE/DAY	19 JUNE 2024 / WEDNESDAY
TIME/DURATION	09:00 AM - 12:00 PM / 03 Hour(s) 00 Minute(s)

INSTRUCTIONS TO CANDIDATES:

1. Please read the instruction under each section carefully.
2. Candidates are reminded not to bring into examination hall/room any form of written materials or electronic gadget except for stationery that is permitted by the Invigilator.
3. Students who are caught breaching the Examination Rules and Regulation will be charged with an academic dishonesty and if found guilty of the offence, the maximum penalty is expulsion from the University.

(This Question Paper consists of 5 Printed Pages including front page)

*****DO NOT OPEN THE QUESTION PAPER UNTIL YOU ARE TOLD TO DO SO*****

This question paper consists of FOUR (4) Questions. Please answer ALL questions in the answer booklet.

[100 MARKS]

QUESTION 1

(25 Marks)

"The inspiring story of Khairul Aming: RM14 million sales for 'sambal'."

Malaysian well known food influencer, Khairul Aming (KA), released a video update on the success of his first factory in making fiery sambal paste known as Sambal Nyet Berapi. He continued to make great strides by announcing his second factory in Kota Bharu. The 30-year-old entrepreneur released a video update on the announcement and recalled the success of his first factory in making his fiery ready-to-eat sambal paste known as Sambal Nyet Berapi.

This Kota Bharu Kelantan native, whose real name is Khairul Amin Kamarulzaman built the factory from the ground up. "We started with eight staff producing 200 bottles per day," said Khairul in the video. However, over the months, our team has grown to fifty people, and now we produce 5,000 bottles daily from the first factory. According to Khairul, the factory produced 1,000,000 bottles of Sambal Nyet Berapi with a gross- sales of RM 14 million. Khairul also aims to produce a new product through the new factory. "I am also pleased that the factory here in Kota Bharu will help the local economy," said Khairul. Khairul launched his sambal paste in early January 2021 with the sale of 10,000 bottles online. He recalled how it took ten days to pack 10,000 bottles. With limited space, he had to rent another lot to pack his product for the launch. Following the launch, he sold 10,000 bottles within 50 minutes on a local e-commerce site. According to Khairul, between 6 January 2021 and 6 January 2022, he sold 540,000 bottles, equivalent to gross sales of RM 7.5 million. He also recalled all the mistakes he made in his bittersweet journey. "I remember buying the wrong machine, wrong material, made the wrong layout, and so on. But from there, we learned," said Khairul.

However, he admits that it is part of the learning curve in becoming a successful entrepreneur. According to Khairul, in the initial period, he reinvested almost 80% of his profits to expand his business. Today, he owns a 14,000 square feet factory in Kota Bharu with imported machines and a local workforce. Sambal Nyet Berapi has become so popular that many imitations have found their way to the marketplace. Khairul also employs very stringent quality control on his product. In February, he threw away almost 3,000 bottles because the quality was not up to par. Following an investigation, Khairul realised an issue at the bottling stage that caused the paste to turn rancid and spill. Nevertheless, he said there are no more issues with a new bottling mechanism. Khairul expressed his gratitude to his followers for supporting Sambal Nyet Berapi from the start of its launch. He only had some 800 followers at the start of his Instagram. The numbers grew when he started posting recipes and cooking tips. Today he has 2.8 million followers on Instagram alone. The number of views on his video reaches one million effortlessly. Many of his follower's comments reflect a sense of appreciation for his honesty and sense of humour. Besides growing in business, Khairul continues to inspire many to follow in his footsteps.

(Sources: Citizens Journal, August 3rd, 2022)

Required:

- a) Briefly explain what is SWOT analysis. (5 marks)
- b) Using the above case study of Khairul Aming: Discuss **FOUR (4)** possible strengths, weaknesses, opportunities, and threats possessed by the entrepreneur. (20 marks)

QUESTION 2

(25 Marks)

"It is quite true that man lives by bread alone — when there is no bread. But what happens to man's desires when there is plenty of bread and when his belly is chronically filled? At once other (and "higher") needs emerge and these, rather than physiological hungers, dominate the organism. And when these in turn are satisfied, again new (and still "higher") needs emerge and so on. This is what we mean by saying that the basic human needs are organized into a hierarchy of relative prepotency" (Maslow, 1943, p. 375).

Required:

- a) Define Maslow's hierarchy of needs theory. (5 marks)
- b) Using the relevant component in Maslow's hierarchy of needs theory, discuss **THREE (3)** characteristics of a self-actualized people. (20 marks)

QUESTION 3

(25 Marks)

Adelion is a family restaurant operated two chef owners, Athyra, and Ismaya for the past 15 years. The restaurant specializes in serving steak using high quality ingredient. The company enjoys the trust and confidence from its customers because of its reputation for high quality food.

Naina works as an internal auditor in the company. During an audit check at the kitchen, she noted the chefs had mixed low quality meat with the higher quality meat. The chefs responded that this was in fact a necessary cost reduction measure because company profits had been declining in recent months. They assured Naina that the meat is safe to eat, and the taste will still be the same. Customers will not notice the mix quality of the ingredient. They told Naina that if the usage of mix quality of meat is known to the public, customers might stop from dining at the restaurant. Many jobs could be lost, probably including Naina's own. The chefs ordered Naina to be silent about the matter and to resume her job as usual.

Required:

- a) Discuss the **FIVE (5)** fundamental principles for professional auditor's behaviour established by the International Federation of Accountants (IFAC). (15 marks)
- b) Evaluate the conflict encountered by Reem to act as an employee or a professional auditor in Adelion company. (10 marks)

QUESTION 4

(25 Marks)

Eriana, a senior accountant at a multi-office CPA firm, is assigned to the audit of Mars Corporation. Mars is a closely held corporation and a major client of the firm. During the audit, Eriana finds a material cutoff error which causes Mar's income to be significantly misstated. Erianna is aware that the CPA firm's policy clearly states the audit senior must document any potential material adjustment in the work papers. The final determination of materiality is then made by the partner in charge of the audit.

Erianna also knows Mars does not want to make the adjustment. Before wrapping up the field work, the audit manager, Mushy, tells Erianna, "Let's not mention this adjustment in the work papers". Since Mars is closely held and there are not tax implications, the partner has decided not to force an adjustment. "Mars is our largest client. We need to get the Mars work up to the partner as soon as possible." Erianna is concerned and upset after the conversation with Mushy. Failure to document such a material amount just does not seem right.

Required:

- a) Explain any **THREE (3)** principles and concepts of accounting. (9 marks)
- b) Discuss **THREE (3)** issues in the case of Erianna's CPA firm that have violated the concepts and principles of accounting. (9 marks)
- c) Provide **TWO (2)** recommendations to Erianna as a professional accountant in solving the ethical dilemma he faced in dealing with audit of Mars Corporation. (7 marks)

*** END OF QUESTION PAPER ***