UNIVERSITI POLY-TECH MALAYSIA UPTM

# FINAL EXAMINATION

## BACHELOR OF ACCOUNTANCY (HONOURS)

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| **COURSE** | : | **INTEGRATED CASE STUDY** |
| **COURSE CODE** | : | **ATP4023** |
| **DURATION** | : | **3 HOURS** |

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1. This question paper consists of **ONE (1)** case study.
2. Answer ALL questions in the Answer Booklet provided.
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*This question paper consists of 16 printed pages including the front page*

# The Mystery of the Disappearing Oil

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## Introduction

It was early August 2009 and Mat Jon, the owner of Jon Enterprise, who owned the Spetrol station located along the BPK Highway, was deep in thought. Jamel, his nephew who managed the station, had just stormed off after a heated discussion of the station's current state of affairs. It was supposed to have been a friendly discussion. Mat Jon had earlier asked Jamel to bring some financial statements and other records of the business to help him decide on whether he wanted to continue to operate the business. Mat Jon's old friend from university, Robert Leunghad contacted him the previous week and made an offer for the business. Robert was a successful entrepreneur and already owned two Spetrol outlets in the Klang Valley. When he heard that Mat Jon was in the same business, Robert decided to approach him and ask if he was interested to sell the business. Robert heard that things were not going too well for Mat Jon but he was fully confident he would be capable to turn around the business, hence the offer. Mat Jon decided to speak to Sudin, the station's supervisor to find out more on the problems of the outlet. Mat Jon also made a mental note to call his friend, Fuad, an accountant by training and a successful businessman to assist him with the accounts.

## The Industry

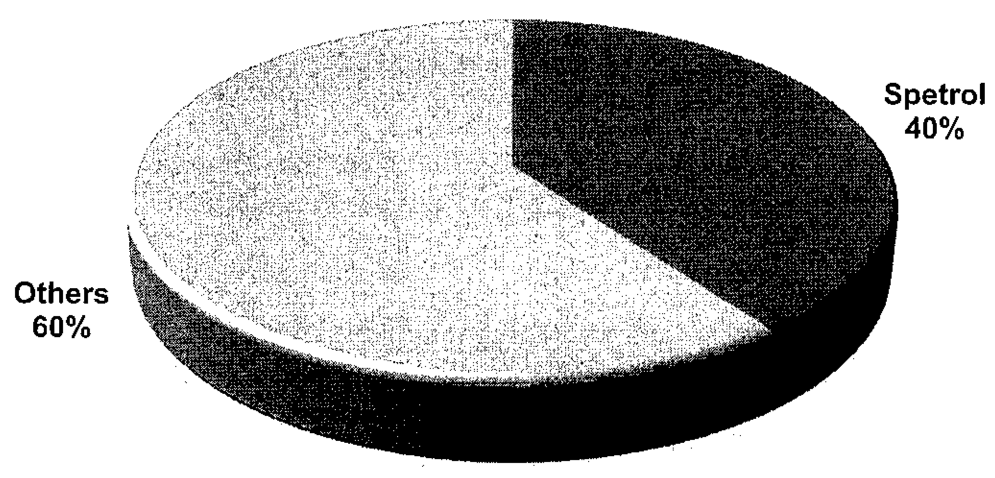
The petroleum industry is involved in the exploration, extraction, refining, transporting (often with oil tankers and pipelines), and marketing of petroleum products. The largest volume products of the industry are fuel oil and gasoline (petrol), 84% by volume of the hydrocarbons present in petroleum is converted into energy-rich fuels (petroleum-based fuels), including gasoline, diesel, jet, heating, and other fuel oils. Due to its high energy density, easy transportability and relative abundance, oil had become the world's most important source of energy for the past several decades. Petroleum was also the raw material for many chemical products, including pharmaceuticals, solvents, fertilisers, pesticides, and plastics. Approximately 16% of the oil not used for energy production was converted into these other products[1].

Oil constituted the bulk of the world's energy consumption, ranging from a low of 32% for Europe and Asia, up to a high of 53% for the Middle East. The oil consumption portions of other geographic regions were as follows: South and Central America (44%), Africa (41%), and North America (40%). The global oil consumption was approximately 30 billion barrels of oil per year, and the top oil consumers were mainly the developed nations. In fact, 24% of the oil consumed in 2004 went solely to the United States. The production, distribution, refining, and retailing of petroleum taken as a whole, constituted the single largest industry in the world, measured in terms of dollar value. The market for petroleum products was very competitive. Several major multinational corporations competed for sales of fuels to consumers. The sector had highly diversified consumers ranging from motorists, households, airlines, shipping lines, transporters, plantations, processing and manufacturing plants, power stations to commercial enterprises.

Spetrol (Malaysia) Berhad, the Malaysian subsidiary of the Canadian-owned Spetrol Oil, was incorporated in Malaysia under the Companies Act 1965 on 14 March 1975. Company shares were listed on the Main Board of Bursa Malaysia (the then Kuala Lumpur Stock Exchange) on 21 October 1995. The company marketed a wide range of high quality petroleum products throughout Malaysia. These included motor gasoline, aviation fuel, kerosene, diesel, fuel oil, lubricants and asphalt. The company's products enjoyed high market acceptance and customer confidence, as evidenced by its rapid sales growth over the years. The company marketed its products in two ways: directly to customers as well as through its network of service stations and industrial dealers. Its marketing activities were well supported by a comprehensive logistics and distribution system consisting of bulk depots, aviation depots, and many others, all strategically located to ensure a reliable supply of products at all times. In 1997, the company started its own chain of convenience stores, called the Jombeli store at all its major petrol stations across Malaysia.

Spetrol was known as one of the big players in the domestic petroleum products industry. The main competitors faced by Spetrol were the three foreign-owned oil companies: Shell, Esso and Caltex. Petronas, as the nation's only oil company also had a big share of the domestic market. Finally, more recently, the new market entrant, BHP provided some competition. However, Spetrol had been able to forge ahead despite the competition. This was evident from the healthy, 9% growth in its sales volume in 2008. This further expanded Spetrol's market share to 40% from 36.4% previously. Retail business continued to be the focus of the company with 70 new petrol stations commencing operations during the year. This brought the total number of petrol stations to 578 as at 31 December 2008. The total number of Jombeli stores also increased remarkably during the year. There were a total number of 380 Jombeli stores in operation as of 31 December 2008.

**FIGURE 1: MARKET SHARE**



**The Petrol Station**

When Mat Jon's Spetrol outlet first opened in October 1998, it was the only petrol station within the vicinity. It started soon after Mat Jon retired from 25 years of service with the Government. He and his wife, Asmah, had wanted the petrol station business to provide for their post retirement years. However, Mat Jon did not want to have to spend too much time operating the petrol station himself. Therefore, he had asked his nephew, Jamel to manage the petrol station. The business earned revenue from the retail of various types of fuel for example petrol, diesel and NGV; the retail sales of the Jombeli store; and, manual car wash service. Generally, petrol and diesel sales constituted approximately 80% of total revenues for the station, retail takings for the Jombeli store make up another 15% while the remaining 5% comprises revenues from the car wash service. The price of fuel in the industry was controlled by the government using automatic pricing mechanism (APM formula). The formula was significantly affected by the global fluctuations of crude oil price. Appendix A shows the price of fuel for January to August 2009.

For the first few years, business had been encouraging, leading Mat Jon and his wife to be optimistic, particularly, when the petrol station was located within a busy area. Close to the BPK highway where the petrol station was located, was Bintang Town which had three residential areas: Taman Sinar, Taman Matahari and Taman Bulan. There were also a primary and secondary schools in the vicinity and several rows of shops (refer to Appendix B).

The estimated population of Bintang Town is 211,356. On the eastern side, there was an industrial area, with a number of electronic factories and warehouses. In the year 2000, a low cost air terminal was built about 30 kms from the highway. Regular customers comprised vehicles from the residential area, taxis from the air terminal, school buses and factory buses. In 2006, a second petrol station was opened just next to Mat Jon's one. The emergence of the second petrol station affected the business somewhat but because traffic volume was high, business was still not too bad. Things really started to take a turn for the worse in 2008 when a third petrol station was opened on the other side. Now, the Spetrol station is sandwiched between the two newer ones, which were operated by Caltex and Petronas, respectively. This really affected business for Mat Jon as new customers, particularly, during the morning rush hour had a choice to turn to if there was a long queue at their petrol station. Now, either the vehicles stop at the Caltex outlet or drove straight ahead to the Petronas station at the end.

However, even given this situation, Mat Jon had not expected that things were so bad. He really felt disappointed as he had left the management of the business almost wholly to Jamel and had not paid much attention to it. He had assumed that Jamel was managing fine.

Mat Jon had also recently overheard the outlet supervisor, Sudin telling Jamel that the Jombeli store had been showing sluggish sales of late. Usually, the store's daily sales hovered around RM 3,000 to RM 3,500, with approximately half of the sales coming from pre-paid telephone cards. Other items that sold well were bottled water, lubricants, newspapers and snack foods. Mat Jon realised that this may also be attributed largely to the competition from the Caltex and Petronas stations.

In late July, Robert Leung contacted him and asked Mat Jon if he was interested in selling off the business. Mat Jon then decided to ask Jamel to meet him. Though Mat Jon was not very keen to sell the business, he still wanted to know more before making the decision. That was why he asked Jamel for the financial statements and some other important records. Jamel handed him the papers on Friday, August 7th, 2009 and Mat Jon arranged for a meeting with Jamel on Monday, 10th August. At that point of time, Mat Jon had no inkling of the mess that his business was in.

That evening, Mat Jon sat in his study with three years of financial statements in front of him. He was very worried. He knew that the petrol station had been affected by the two new competitors but he had no idea that things were so bad. Mat Jon was puzzled. Not only were the revenues declining over the past three years, but he noticed that cost of sales was increasing. This was really tough!

Mat Jon called his wife who was in the kitchen, cleaning up. "Asmah, can you come over, please? I am very worried about our petrol station. Jamel has just passed these on to me after Jumaat today. I am really puzzled. I knew our profits were going down but look, last year, we incurred a loss! I really wonder if Jamel is managing the business!"

"You know, you remember my old friend from college, Robert Leung? He is now in this business too and already owns two other petrol stations. When he found out that we too were in this business, he called me up to ask if we wanted to sell our petrol station, so I asked Jamel to come up with the financial statements".

"Don't worry too much. It is getting late. Why don't you arrange a meeting with Jamel. Meet him and ask him to explain the numbers. Don't rush things. Then we can re-discuss the matter. You know, I wouldn't mind selling off to Robert. We are getting older, maybe it is for the better, so we don't have to worry about the business. After all, we have no debts and we are comfortable". Mat Jon glanced up at the clock. It was already half-past midnight! With a big sigh, he decided to do as suggested by his wife. After all, there was not much he could do until Jamel really explained what was going on. He supposed it was partly his fault! He had not monitored the operations much. He merely assumed that things were going reasonably well as he acknowledged that all businesses would have its ups and downs. He resigned himself to waiting for the meeting with Jamel at the local roti canai shop on Monday morning.

**The Meeting with Jamel**

"Assalamualaikum, Pak Long! How are you?" Jamel walked into the shop, clutching a few files, looking slightly worried.

"Wa'alaikumsalam! Alhamdulillah I am fine but our business is not, Jamel! Can you tell me what is happening here?

"Well, yes, Pak Long! I am sure you know that it is not only our petrol station but the times are tough for most businesses. As I told you sometime before, Pak Long, our business began to be affected after the two petrol stations began operations". Jamel tried hard to look confident. He had to appear confident as he did not want his uncle to be monitoring the business too closely! Too much was at stake!

"OK Jamel, I need you to be as honest as possible. I, too, will be very frank with you. We need to work together to ensure that our business stays afloat. My first concern is with the total sales and cost of sales figures. I may not have formal training in accounting but I know enough to realise that something's amiss here. Look, I took a good look at the income statements that you gave me. This is the graph I sketched based on the numbers (please refer to

Appendix C). Our revenues have been on a downward trend since 2006. I presume that was when the Caltex outlet was opened?" Jamel nodded briefly at this statement.

"OK, Jamel. That I can understand. However, what really took me by surprise was that while our revenues were declining, our cost of sales was steadily climbing up! See the grey line? Now, this cannot be! There is something I can't explain here. Now this is my first concern. I have a few other concerns as well." Mat Jon took a sideways glance at his nephew and noticed that Jamel looked uncomfortable. "Furthermore, what really pains me is that our gross profits are declining every year! In 2007, it dipped significantly to RM 544,000 plus, but in 2008, it went even lower to less than half of that! Jamel, it cannot be only the competition from the two other stations. Remember, you told me that traffic volume in this area is still high! I am really worried about performance for this year!"

Next, Mat Jon questioned Jamel on the July 2009 stock balance report (refer to Appendix D). He told Jamel that his main concern stemmed from the shortfall in the physical balance of the unleaded petrol. Mat Jon referred Jamel to the report and highlighted his worry. "Jamel, what is happening here? I crunched some numbers and I found them to be odd. There were a total of 9 shipments of unleaded petrol last month. Sales were only 229,969 litres in total. Yet, the balance is far lower than what we should have! At least, that is assuming that my calculations are correct. Do you not check the numbers from time to time? Didn't I tell you that you must be on top of things?" Mat Jon was becoming increasingly frustrated with Jamel's stony silence, and without intending to, had raised his voice at his nephew.

"Well, Pak Long. I'm sorry but I think you do not realise how busy things can get at the station. With due respect, it is easy for you to point fingers. But, honestly, I am struggling to monitor everything, from A to Z! I do take a look at the numbers but I guess when I get busy, I sometimes do not get to check everything!" Jamel was also getting upset and nervous. He hoped that his uncle does not know that this is only the tip of the iceberg!

Mat Jon continued relentlessly. "OK Jamel, let's move on for a while. We leave the stock records for now, but I hope you can bring them home and analyse the numbers and see if my hunch that the numbers are odd, is right! Now, let us move on to the station collections. I looked at our collections and I compared the numbers with the bank statement. Apparently, it arrived in Saturday's post. Now, first our collections (please refer to Appendix E). You say that our two 'neighbours' are our biggest problem. However, I disagree! You know, why? Look at the sales figures for the first two days of July. They were good. Now, the two outlets were opened in 2006 and last year but even in early July, we still were able to manage to make reasonably good sales! Notice that it was after that that our sales have been showing a sharp drop. What's worse, our sales were as low as RM 10,000 plus and our July sales have dropped from a reasonable RM 32,000 plus on the first day to only RM 14,000 plus by the end of the month! "Mat Jon paused for a while, hoping for some clarification from Jamel. However, his nephew appeared to be tensed and worried. Jamel merely shrugged his shoulders resignedly. Mat Jon wondered why. What really was going on here? Finally, Mat Jon challenged Jamel on the bank balance. "Jamel, something is not right here. The latest bank statement (please refer to Appendix F) showed that we had an overdraft of RM 21,019.42, but this is nonsense, Jamel. Our bank overdraft facility is only up to RM 20,000. The bank has been calling me to deposit some money into the account. I know things are not looking too good. But you have not warned me of how bad a shape we are in, Jamel! Why, I won't be surprised if soon you call me to ask for cash to pay for our petrol shipments! At the rate we are going, I think we are headed that way, like it or not!"

"How can you do this to me? I am not sure if we can do much to salvage our business. Why, maybe my friend, Robert will not even want to buy this over if he sees the numbers! Then, what shall I do?" Mat Jon's patience was wearing thin and he was struggling to control his temper. After all, Jamel was his eldest sister's son. Mat Jon did not want to create a rift between him and his sister and brother-in-law! It was at this juncture that Jamel, who appeared very flustered and upset, stormed off from the shop in a huff! "Well, Pak Long, there is no point in me trying to explain much! You seem intent on the fact that I have not been managing your business! Why don't you find out yourself what is wrong!" With that rude statement, Jamel left.

Mat Jon felt uneasy. He did not intend to offend Jamel, but he couldn't help being suspicious. His examination of the financial statements and other records triggered some red flags in Mat Jon's mind. The numbers somehow did not give but Mat Jon was unable to figure out what exactly was wrong. Further, Jamel's stony silence and inability to quell his fears made matters worse. Mat Jon then made up his mind to approach an old friend of his, Fuad, an accountant, to assist him in determining what was going on. His instincts told him that he cannot rely on Jamel, and for the sake of family ties, Mat Jon did not want to antagonise Jamel further. Mat Jon felt that the time had come for him to really take charge of the business and to investigate the numbers!

Immediately after the hostile meeting, Mat Jon did two things. First, he contacted Fuad and related his worries about the petrol station. Mat Jon was very anxious for Fuad to complete his analysis in order to help him decide whether or not to continue with the business or to consider Robert's offer. Robert was also pestering him regarding the matter. He was calling Mat Jon almost every alternate day to try and persuade Mat Jon to sell off the business. Mat Jon however, wasn't too keen. He wanted the business to work out and to provide him with a comfortable income.

Later that day, Mat Jon drove to the petrol station and met with Sudin, the station's supervisor. Sudin related to Mat Jon at length, on the state of affairs at the station. His chief concern, he confided to Mat Jon, was not the competition from the two neighbouring petrol stations. But his main worry was that somebody was up to no good! Sudin then related to Mat Jon of the time, just ten days before when he was approached by an irate customer. The customer, Supramaniam, a regular, who lived in the vicinity had told Sudin that he had been re-fuelling his car at the petrol station on most days for the past five years. He found the location convenient and he liked the friendly attendants. However, he complained that on that day he was duped by one of the attendants! Supramaniam told Sudin that after paying for RM 30 worth of petrol for his Proton Savvy, he drove off to go to work. However, he soon realised that his fuel indicator showed that his fuel tank was hardly a quarter full! He returned to the station immediately and pointed it to the attendant. The attendant however, feigned ignorance and alleged that the fuel indicator may be faulty! Supramaniam told Sudin that he demanded to talk to a senior staff but was informed that the manager was not around. That was why he left for work but made a point to return to the station to speak to Sudin.

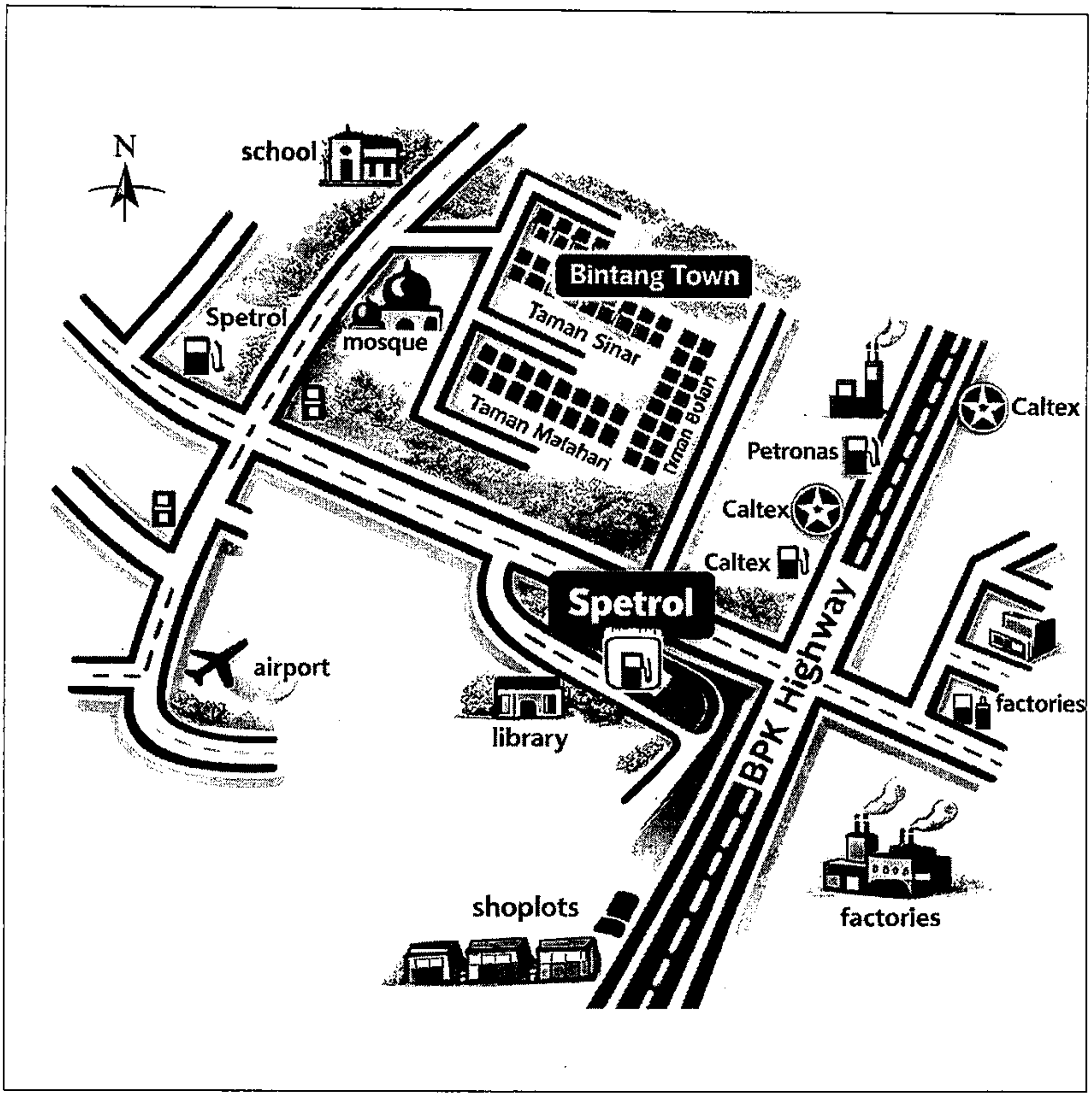
As he drove home that day, Mat Jon mulled over the latest incidences and he felt sure that something was amiss. Mat Jon wondered if it was possible that Jamel was short-changing him? Mat Jon worried about what exactly Jamel was up to. Then his mind wandered as to what control mechanisms he would be able to implement to protect his business and to prevent a recurrence of the current crisis. Should he continue to run this business but take over the management from Jamel? Or was he better off selling the business to Robert?

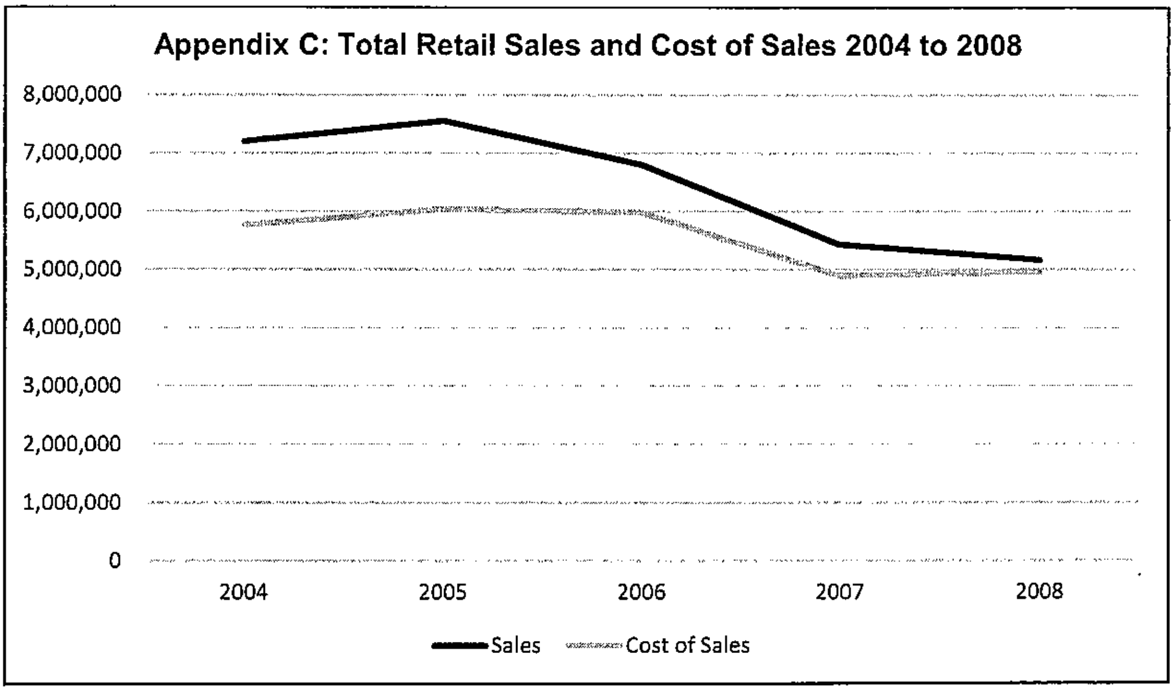
## Appendix A: Fuel Price Per Litre

## January to August 2009

| Month | Petrol (RM) | Diesel (RM) |
|---|---|---|
| January | 1.92 | 1.58 |
| February | 1.92 | 1.58 |
| March | 1.92 | 1.58 |
| April | 1.92 | 1.58 |
| May | 1.92 | 1.58 |
| June | 2.70 | 2.58 |
| July | 2.55 | 2.50 |
| August | 2.45 | 2.40 |

**Appendix B: Location of Mat Jon's Petrol Station**






| Item / Year | 2004 | 2005 | 2006 | 2007 | 2008 |
|---|---|---|---|---|---|
| **Sales (RM)** | 7,200,000 | 7,560,000 | 6,804,000 | 5,443,200 | 5,171,040 |
| **Cost of Sales (RM)** | 5,760,000 | 6,048,000 | 5,987,520 | 4,898,880 | 4,964,198 |
| **Gross Profit (RM)** | 1,440,000 | 1,512,000 | 816,480 | 544,320 | 206,842 |

**Appendix D: Stock Balance Report (Unleaded Petrol), July 2009**

| Date (July 2009) | Daily Pump Sales (litres) | Receipts (litres) | Physical Stock Balance (litres) |
|---|---|---|---|
| 1 | 13,647 | 32,760 | 25,131* |
| 2 | 14,701 | – | 10,461 |
| 3 | 7,542 | – | 4,919 |
| 4 | 6,199 | 32,760 | 28,480 |
| 5 | 7,973 | – | 23,507 |
| 6 | 5,420 | – | 18,087 |
| 7 | 3,647 | – | 14,440 |
| 8 | 8,701 | 32,760 | 34,499 |
| 9 | 5,542 | – | 32,957 |
| 10 | 2,525 | – | 30,432 |
| 11 | 1,973 | – | 23,459 |
| 12 | 1,420 | 32,760 | 49,799 |
| 13 | 8,647 | – | 50,152 |
| 14 | 4,701 | – | 46,451 |
| 15 | 7,542 | – | 38,909 |
| 16 | 6,199 | 32,760 | 32,710 |
| 17 | 4,973 | – | 27,737 |
| 18 | 5,420 | – | 22,317 |
| 19 | 3,647 | – | 18,670 |
| 20 | 8,701 | – | 9,969 |
| 21 | 5,542 | 32,760 | 37,187 |
| 22 | 2,525 | – | 34,662 |
| 23 | 4,973 | – | 29,689 |
| 24 | 611 | – | 29,078 |
| 25 | 3,647 | 32,760 | 58,191 |
| 26 | 5,701 | – | 52,490 |
| 27 | 5,302 | – | 47,188 |
| 28 | 2,525 | – | 40,663 |
| 29 | 1,973 | 32,760 | 55,450 |
| 30 | 1,420 | – | 50,404 |
| 31 | 3,651 | 32,760 | 38,960 |

**Physical stock balance, June 30, 2009 is 8,049 litres.*

**Appendix E: Station Collections, July 2009**

| Date (July 2009) | Sales (RM) | Cash Sales (RM) | Credit Card (RM) |
|---|---|---|---|
| 1 | 32,220.40 | 21,754.28 | 10,466.12 |
| 2 | 34,117.60 | 20,070.56 | 14,047.04 |
| 3 | 21,231.40 | 14,923.55 | 6,307.85 |
| 4 | 18,814.00 | 11,629.10 | 7,184.90 |
| 5 | 22,006.30 | 17,305.36 | 4,700.95 |
| 6 | 17,411.80 | 11,388.26 | 6,023.54 |
| 7 | 14,220.40 | 8,132.24 | 6,088.16 |
| 8 | 23,317.60 | 16,488.20 | 6,829.40 |
| 9 | 17,631.40 | 10,860.41 | 6,770.99 |
| 10 | 12,200.80 | 8,970.68 | 3,230.12 |
| 11 | 11,206.30 | 7,404.73 | 3,801.58 |
| 12 | 10,211.80 | 6,037.67 | 4,174.13 |
| 13 | 23,220.40 | 18,337.34 | 4,883.06 |
| 14 | 16,117.60 | 10,482.32 | 5,635.28 |
| 15 | 21,231.40 | 12,338.84 | 8,892.56 |
| 16 | 18,814.00 | 10,888.40 | 7,925.60 |
| 17 | 16,606.30 | 11,454.73 | 5,151.58 |
| 18 | 17,411.80 | 10,717.67 | 6,694.13 |
| 19 | 14,220.40 | 10,687.34 | 3,533.06 |
| 20 | 23,317.60 | 16,488.20 | 6,829.40 |
| 21 | 17,631.40 | 13,586.69 | 4,044.71 |
| 22 | 12,200.80 | 7,740.56 | 4,460.24 |
| 23 | 16,606.30 | 9,563.78 | 7,042.52 |
| 24 | 6,755.80 | 3,653.48 | 3,102.32 |
| 25 | 14,220.40 | 9,665.30 | 4,555.10 |
| 26 | 19,717.60 | 12,216.44 | 7,701.16 |
| 27 | 17,631.40 | 13,586.69 | 4,044.71 |
| 28 | 12,200.80 | 8,150.60 | 4,050.20 |
| 29 | 11,206.80 | 6,684.10 | 4,522.21 |
| 30 | 10,211.80 | 7,280.03 | 2,931.77 |
| 31 | 14,227.60 | 9,159.32 | 5,068.28 |

Appendix F: Bank Statement – July 2009

| | |
|---|---|
| NSMAG BANK | Tepi Jalan, BKP Highway<br>Selangor<br>Tel: 03-60383170 |
| | PENYATA AKAUN/STATEMENT OF ACCOUNT |
| Nombor Akaun/Account Number | 398443169 |
| Jenis Akaun/Accounts Type | CA |
| Tarikh Penyata/Statement Date | 31 July 2009 |
| RINGKASAN/SUMMARY | |
| Baki Penutup/Closing Balance | (21,019.42) |
| Jumlah Debit/Total Debit | 456,019.20 |
| Bil. Debit/No. of Debit | 8 |
| Jumlah Kredit/Total Credit | 409,375.68 |
| Bil. Kredit/No. of Credit | 41 |

| Date | Transaction | Debit (RM) | Credit (RM) | Balance (RM) |
|---|---|---|---|---|
| 30-Jun | – | – | – | 25,624.10 |
| 01-Jul | Cash deposit | – | 7,563.78 | 33,187.88 |
| 02-Jul | Cash deposit | – | 19,754.28 | 52,942.16 |
| 02-Jul | Cheque 175553 | 57,002.40 | – | (4,060.24) |
| 02-Jul | TT | – | 5,504.18 | 1,443.94 |
| 03-Jul | Cash deposit | – | 18,070.56 | 19,514.50 |
| 03-Jul | Cash deposit | – | 12,923.55 | 32,438.05 |
| 04-Jul | Cash deposit | – | 9,629.10 | 42,067.15 |
| 05-Jul | TT | – | 24,821.01 | 66,888.16 |
| 05-Jul | Cheque 175552 | 57,002.40 | – | 9,885.76 |
| 06-Jul | Cash deposit | – | 15,305.36 | 25,191.11 |
| 07-Jul | Cash deposit | – | 9,388.26 | 34,579.37 |
| 08-Jul | Cash deposit | – | 6,132.24 | 40,711.61 |
| 08-Jul | TT | – | 11,909.39 | 52,621.00 |
| 09-Jul | Cheque 175551 | 57,002.40 | – | (4,381.41) |
| 09-Jul | Cash deposit | – | 14,488.20 | 10,106.80 |
| 10-Jul | Cash deposit | – | 8,860.41 | 18,967.21 |
| 10-Jul | TT | – | 13,688.55 | 32,655.76 |
| 11-Jul | Cash deposit | – | 6,970.68 | 39,626.44 |
| 11-Jul | Cash deposit | – | – | 39,626.44 |
| 12-Jul | Cash deposit | – | 5,404.73 | 45,031.16 |
| 13-Jul | Cash deposit | – | 4,037.67 | 49,068.83 |
| 13-Jul | Cheque 175555 | 57,002.40 | – | (7,933.57) |
| 14-Jul | Cash deposit | – | 15,337.34 | 7,403.77 |
| 14-Jul | TT | – | 5,205.83 | 12,609.60 |
| 15-Jul | Cash deposit | – | 8,482.32 | 21,091.92 |
| 16-Jul | Cash deposit | – | 10,338.84 | 31,430.76 |
| 16-Jul | Cash deposit | – | – | 31,430.76 |
| 16-Jul | Cheque 175554 | 57,002.40 | – | (25,571.65) |
| 16-Jul | TT | – | 13,410.90 | (12,160.75) |
| 17-Jul | Cash deposit | – | 8,888.40 | (3,272.35) |
| 18-Jul | Cash deposit | – | 9,454.73 | 6,182.38 |
| 19-Jul | Cash deposit | – | 8,717.67 | 14,900.05 |

| Date | Transaction | Debit (RM) | Credit (RM) | Balance (RM) |
|---|---|---|---|---|
| 20-Jul | Cash deposit | – | 7,687.34 | 22,587.39 |
| 20-Jul | TT | – | 13,771.31 | 36,358.70 |
| 21-Jul | Cash deposit | – | 14,488.20 | 50,846.90 |
| 22-Jul | Cheque 175557 | 57,002.40 | – | (6,155.51) |
| 22-Jul | Cash deposit | – | 11,586.69 | 5,431.18 |
| 22-Jul | Cash deposit | – | 8,407.17 | 13,838.36 |
| 23-Jul | Cash deposit | – | 5,740.56 | 19,578.92 |
| 24-Jul | Cash deposit | – | 7,563.78 | 27,142.70 |
| 25-Jul | Cash deposit | – | 1,653.48 | 28,796.18 |
| 26-Jul | Cash deposit | – | 7,665.30 | 36,461.48 |
| 26-Jul | Cheque 175556 | 57,002.40 | – | (20,540.93) |
| 26-Jul | TT | – | 8,605.08 | (11,935.85) |
| 27-Jul | Cash deposit | – | 10,216.44 | (1,719.41) |
| 28-Jul | Cash deposit | – | 11,586.69 | 9,867.28 |
| 29-Jul | Cash deposit | – | 6,150.60 | 16,017.89 |
| 29-Jul | TT | – | 10,100.97 | 26,118.86 |
| 30-Jul | Cash deposit | – | 4,584.10 | 30,702.96 |
| 30-Jul | Cheque 175559 | 57,002.40 | – | (26,299.45) |
| 31-Jul | Cash deposit | – | 5,280.03 | (21,019.42) |

Baki harian dan penutup meliputi semua cek yang telah didepositkan, dijelaskan dan yang belum dijelaskan.
Terima kasih kerana berurus niaga dengan NASMAG. Kecemerlangan adalah iltizam kami.
Kemusykilan anda mengenai perbankan dijawab. Untuk maklumat lanjut, sila layari www.bankinginfo.com.my.
Daily and closing balance include all cheques deposited, cleared, and uncleared.
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**Reference**

[1]http://en.wikipedia.org/wiki/Petroleum

**Source:**

Malaysian Institute of Accountants. (2010). *Case studies for integrated case study course*. Malaysian Institute of Accountants, Ministry of Higher Education. ISBN 978-983-40841-5-8.

**Required:**

a. Analyse why Mat Jon's petrol station experienced declining gross profit despite relatively stable traffic volume in the area, based on the information provided in Appendix C.

Your answer should consider **ONE (1)** reason for each of the following:
i. operational efficiency
ii. cost behaviour
iii. industry pricing controls

(12 marks)

b. Identify **TWO (2)** operational weaknesses that could explain the shortfall in physical stock of unleaded petrol by referring to **Appendix D** (Stock Balance Report).

(8 marks)

c. Propose **TWO (2)** operational control improvements that Mat Jon can implement immediately to reduce the risk of stock losses, assuming you are appointed as an external consultant.

(14 marks)

d. Examine **TWO (2)** weaknesses in cash collection and banking practices that may have contributed to the station's overdraft position, with reference to **Appendix E** and **Appendix F**.

(12 marks)

e. Identify **ONE (1)** issue related to each of the following aspects of Mat Jon's management and governance approach:

i. Delegation
ii. Monitoring
iii. Accountability

(6 marks)

f. Illustrate how each issue identified in part (e) contributes to the operational problems faced by the petrol station.

(6 marks)

g. Distinguish **FOUR (4)** implications of taking over the management from Jamel and selling the business to Robert.

(16 marks)

h. Propose **ONE (1)** recommended course of action for Mat Jon based on your comparison in (g) above.

Your recommendation should include **ONE (1) risk** and **ONE (1)** mitigation strategy.

(10 marks)

i. Propose **FOUR (4)** initiatives on how Mat Jon can strategically adapt the operations of his petrol station to remain competitive and financially sustainable following the introduction of the BUDI 95 fuel subsidy initiative.

(16 marks)

**(TOTAL: 100 MARKS)**

**END OF QUESTION PAPER**