

# Opal pty ltd essay sample



**ASSIGN  
BUSTER**

1. Opal Pty Ltd (Opal) is a family-owned company operating chemist shops in Perth. A large portion of the sales transactions are done in cash. Opal claims on having strong control policies and procedures in place to monitor the employees handling the cash and to safeguard the cash. However, the proper implementation of those policies had been questioned by the previous auditor. Further, Opal is planning to expand to Albany and Mandurah. It is applying for a loan from the bank to get funding for the expansion. Before granting the loan, the bank requires Opal to provide them with the audited financial statement.

2. Neon Pty Ltd (Neon) is in business for the last 15 years. It manufactures and distributes papers all over Australia. During the last five years Neon opened four new factories in three different locations using bank loan. Due to growth in the company, the financial director John Brown is keen to set up an internal audit division. At the moment the project appears to have stalled, as some of the more senior executives can't see the use of setting up such a division and spending cash on something that is not required.

3. Wizard Pty Ltd (Wizard) manufactures computer hardware. The old costing system (developed in-house) could no longer keep up with the complex and detailed manufacturing costing process that provides tender costings and it also struggled with the company's broader reporting requirements.

Therefore, Wizard installed a popular off-the-shelf (not customized) costing system to support the highly sophisticated and cost sensitive nature of its product designs. Since, this system had been utilised by few other firms in the industry, Wizard didn't feel the urgency to test the appropriateness of the system. This system can be accessed by all the employees. But the staffs

are not feeling very confident with the new software due to lack of training and supervision.

#### Required

For each of the above independent situations, answer the following:

(a) Identify and discuss why the situation represents a risk. (b) By applying auditing knowledge, identify the main account or group of accounts affected