**SUMMARY OF MATTERS TO BE BROUGHT TO THE ATTENTION OF THE ENGAGEMENT PARTNER**

**Room Revenues**

Some of the room revenues have cut-off error as the management has incorrectly recognised room sales from the previous year in the current year. Therefore, this would lead to an overstatement of revenue by RM7006.69

**Banquet and Event Revenues**

The banquet and event sales has cut off issue, due to recognition of sales after the reporting date. According to IFRS 15 *Revenue from Contracts with Customers*, revenue is recognised when the goods or services are transferred to the customer, at the transaction price. This will cause overstatement of revenue by RM68,490.84.

**Rental Revenue**

A rental deposit of RM 6000 was incorrectly recognized as revenue instead of as a liability. This would lead to an overstatement of revenue and profits if this is not adjusted.

**Salaries and Payroll**

The EPF is misstated on both employee and employer contribution for Phil Ruthven. The system might have a fixed amount set to the employees’ EPF, therefore causing the EPF amount to stay constant throughout the year regardless of any changes in the employees’ gross pay. Thus, there is a risk of the payroll expense to be understated and profit to be overstated. The EPF needs to be recalculated and appropiate adjustments has to be made.

**Provisions and Contingent Liabilities**

Food poisoning occurred. This should be recognised as a provision or disclose in a Financial Statement. If fails to make it, this can be overstatement of profit and understatement of expense

For the fire and other accidents, ST City Hotel needs to make a provision regarding the compensation claims from guest and other minor incidents.

**Property, Plant and Equipment**

The were was a fire incident that occured at level 13, which causes minor loss to the hotel as they had to renovate the store room, Under IAS 16 Property, Plant & Equipment, cost of renovation are to be capitalised when incurred because renovation gives rise to future economic benefits, however, no renovation costs had been recorded/capitalised in the PPE equipment, this could result in understated assets.

**Purchases**

Based on the samples that has been tested, we have found out that there are a few invoices where the payment in the general ledger has been recorded under the wrong account, but the amount to the invoice is correctly recorded. There is a risk that the correction to the respective suppliers’ accounts is not made. This would result in the balances for the suppliers being misstated and the client may make wrong payment. The misstatement may be material in aggregate, and may require disclosure in the financial statements if so.