



**FINAL EXAMINATION**  
**NOVEMBER 2023**

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<b>COURSE TITLE</b>	<b>INTEGRATED CASE STUDY</b>
<b>COURSE CODE</b>	<b>AACT4133</b>
<b>DATE/DAY</b>	<b>19 FEBRUARY 2024 / MONDAY</b>
<b>TIME/DURATION</b>	<b>02:00 PM - 05:00 PM / 03 Hour(s) 00 Minute(s)</b>

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**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 Haifa Inn is a 40-unit, beautiful part of Jabalia resort town. The owner, Mr. Hadid, firmly believes that there is a need for his style of low-cost family accommodation amid the luxury and beauty of the area. His rooms are large family-style rooms without televisions. Although there is plenty of room for future expansion, most of the areas are filled with grass.

Mr. Hadid can serve breakfast for the rooms and provide tea-making facilities. There are now a lot of good restaurants and take-aways in the area. Mr. Hadid's prices are less than half of what similar motels charge and only a fraction of what the big five-star properties are charging. Apart from that, the resort is near to the beach, shops, and other attractions.

The problem is occupancy. He has some regular customers who come every holiday period (and have been doing so for the four years he has owned the property). Overall, occupancy is about 50% annually. Mr. Hadid knows from the local tourist office that the other resorts' average annual occupancy is around 68%. New developments could mean trouble. This lack of occupancy can be quite frustrating for Mr. Hadid.

Currently Mr. Hadid does very little advertising in local district guides and the holiday papers, mainly because he really thinks word-of-mouth is the best form of advertising. He is a member of the local tourist committee, but too busy to go to meetings. However, he does receive the local statistics and knows the average stay in the area is 3.8 nights, and that local families and couples and increasingly overseas visitors are his potential customers.

He's not desperate yet, but he's getting worried and stressed. He thought he would be overrun with guests, but that hasn't happened.

**Required:**

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

**QUESTION 2**

**(25 Marks)**

Obeida doesn't like to follow the crowd. He feels that group thinking is a common problem in many organizations. This former director of marketing for a consumer products company believes differences of opinion should be heard and appreciated. As Obeida stated, "I have always believed I should speak for what I believe to be true". He demonstrated his belief in being direct and candid throughout his career.

On one occasion, he was assigned to market his company's olive oil products. During the brand review, the company president said, "Our olive oil is losing out to price-cutting competitors. We need to cut our prices!" Obeida found the courage to say he disagreed with the president. He then explained the product line needed more variety and a larger advertising budget. Prices should not be cut. The president accepted Obeida's reasoning. Later, his supervisor approached him and said, "I wanted to say that, but I just didn't have the courage to challenge the president."

On another occasion, the president sent Obeida and 16 other executives to a weeklong seminar on strategic planning. Obeida soon concluded the consultants were off base and going down the wrong path. Between sessions, most of the other executives indicated they didn't think the consultants were on the right path. The consultants then heard about the argument and dramatically asked participants whether they were in or out. Those who said "Out" had to leave immediately. As the consultants went around the room, every executive who privately complained about the session said "In." Obeida was fourth from last. When it was his turn, he said "Out" and left the room.

All leaders spend time in reflection and self-examination to identify what they truly believe and value. Their beliefs are tested and fine-tuned over time. True leaders can tell you, without hesitation, what they believe and why. They don't need a teleprompter to remind them of their core beliefs. As such, they find the courage to speak up even when they know others will disagree.

**Required:**

- a) Briefly explain the definition of leadership. (3 marks)
- b) Discuss **FOUR (4)** types of leadership styles according to Ashridge Management College theory. (12 marks)
- c) Based on your answer in (b), analyse which leadership style that Obeida exercised in his position with example from the case. (10 marks)

**QUESTION 3**

**(25 Marks)**

Moon Bucks is a family restaurant operated two chef owners, Gal, and Gadon 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.

Reem 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 Reem 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 Reem 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 Reem's own. The chefs ordered Reem to be silent about the matter and to resume her job as usual.

**Required:**

- a) Briefly explain **THREE (3)** theories of ethical behavior. (6 marks)
- b) Discuss the **FIVE (5)** fundamental principles for professional auditor's behaviour established by the International Federation of Accountants (IFAC). (15 marks)
- c) Evaluate the conflict encountered by Reem to act as an employee or a professional auditor in Moon Bucks company. (4 marks)

**QUESTION 4**

**(25 Marks)**

Motaz, a senior accountant at a multi-office CPA firm, is assigned to the audit of Mc Don Corporation. Mc Don is a closely held corporation and a major client of the firm. During the audit, Motaz finds a material cutoff error which causes Mc Don's income to be significantly misstated. Motaz 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.

Motaz also knows Mc Don does not want to make the adjustment. Before wrapping up the field work, the audit manager, Benjamin, tells Motaz, "Let's not mention this adjustment in the work papers". Since Mc Don is closely held and there are not tax implications, the partner has decided not to force an adjustment. "Mc Don is our largest client. We need to get the Mc Don work up to the partner as soon as possible." Motaz is concerned and upset after the conversation with Benjamin. 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 Motaz's CPA firm that have violated the concepts and principles of accounting. (9 marks)
- c) Provide **TWO (2)** recommendations to Motaz as a professional accountant in solving the ethical dilemma he faced in dealing with audit of Mc Don Corporation. (7 marks)

\*\*\* END OF QUESTION PAPER \*\*\*