

Course No: ACNE 4222
Course Title: Contemporary
Accounting Issues
Date: 17/04/2018
No. of Questions: (3)
Time: 1 hour
Using Calculator (yes)

University of Palestine



Second Mid-term Exam
2nd Semester 2017/2018
Total Grade: 15

Instructor Name: Dr. Khaled Eissa

Student No.: _____

Student Name: _____

College Name: Business Administration

Dep. / Specialist: Accounting

Using Dictionary (No)

Question 1: (Put ✓ or ×)

(5 marks)

1. An Environmental management system is a system that organisations implement to measure, record and manage their financial performance ()
2. Big bath often performed by the outgoing CEOs. ()
3. Doing earning management motivated by long-term goals rather than short-term goals ()
4. Earnings Management is “the choice by a manager of accounting policies, or real actions, affecting earnings so as to achieve some reported earnings objective.” ()
5. Earnings Quality concept relates to how closely current earnings are aligned with future earnings. ()
6. Emissions trading scheme (ETS) are designed to control emissions by allowing participants to trade excess emissions permits. ()
7. Intergenerational Equity means the ability to meet the needs of all current inhabitants (basic food, water, and shelter). ()
8. Management objectives always align with stakeholders objectives ()
9. Real activities earnings management can reduce entity value. ()
10. Sustainability reporting useful also for performance measurement, accounting, auditing and reporting. ()

Question 2: (Multiple choice)

(5 marks)

1. A positive result of handling customer complaints properly is that it will
 - a) Increase returns.
 - b) Foster objections.
 - c) promote goodwill
 - d) increase markdowns
2. Businesses that contribute money to local educational, cultural, and training programs are showing social responsibility to their:
 - a) Customers.
 - b) Communities.
 - c) Employees.
 - d) Stockholders
3. Excessive earnings management typically begins as a result of:
 - a) A regulatory investigation.
 - b) Pressure to meet the expectations of stakeholders.
 - c) A downturn in business.
 - d) A violation of generally accepted accounting principles.

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4. In a year in which a company is experiencing more profit than anticipated, deferring the recognition of revenue for which the earnings process is complete or over accruing a liability and expense are examples of:
- a) The big bath.
 - b) Strategic matching.
 - c) A change in an accounting estimate.
 - d) A cookie jar reserve.
-
5. Recording as an asset expenditures that have no future economic benefit is an example of:
- a) Non-GAAP accounting.
 - b) A change in methods or estimates with full disclosure.
 - c) Strategic matching.
 - d) A fictitious transaction.
-
6. Sustainable Development relates to three main areas, one of the following is not of them:
- a) Economic development
 - b) Financial development
 - c) Environmental development
 - d) Social development
-
7. What benefits managers when excessive provisions for low-persistence special items are frequently recorded?
- a) It increases future operating earnings
 - b) It does not affect the manager's performance compensation.
 - c) It increases the managers bonus
 - d) A and B
-
8. What effect do some environmental laws have on businesses?
- a) Limit equipment purchases
 - b) Control exterior landscapes
 - c) Require more employees
 - d) Increase operating costs
-
9. What other names are given to earning management
- a) Borrowing from the future
 - b) Aggressive accounting
 - c) Income Smoothing
 - d) All of the above
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10. Which of the following is not a standard financial statement:
- a) Income statement
 - b) Shareholder sheet
 - c) Balance sheet
 - d) Cash flow statement
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