

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 v or x)

(5 marks)

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

Question 2: (Multiple choice)

(5 marks)

1. What effect do some environmental laws have on businesses?
 - a) Require more employees
 - b) Increase operating costs
 - c) Limit equipment purchases
 - d) Control exterior landscapes
2. What other names are given to earning management
 - a) Aggressive accounting
 - b) Income Smoothing
 - c) Borrowing from the future
 - d) All of the above
3. Which of the following is not a standard financial statement:
 - a) Balance sheet
 - b) Income statement
 - c) Shareholder sheet
 - d) Cash flow statement

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4. A positive result of handling customer complaints properly is that it will
- a) Promote goodwill
 - b) Increase markdowns
 - c) Increase returns.
 - d) Foster objections.
-
5. Businesses that contribute money to local educational, cultural, and training programs are showing social responsibility to their:
- a) Employees.
 - b) Stockholders
 - c) Customers.
 - d) Communities.
-
6. Excessive earnings management typically begins as a result of:
- a) A downturn in business.
 - b) A violation of generally accepted accounting principles.
 - c) A regulatory investigation.
 - d) Pressure to meet the expectations of stakeholders.
-
7. 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) Strategic matching.
 - b) The big bath.
 - c) A change in an accounting estimate.
 - d) A cookie jar reserve.
-
8. Recording as an asset expenditures that have no future economic benefit is an example of:
- a) Non-GAAP accounting.
 - b) Strategic matching.
 - c) A change in methods or estimates with full disclosure.
 - d) A fictitious transaction.
-
9. Sustainable Development relates to three main areas, one of the following is not of them:
- a) Environmental development
 - b) Social development
 - c) Economic development
 - d) Financial development
-
10. What benefits managers when excessive provisions for low-persistence special items are frequently recorded?
- a) It increases the managers bonus
 - b) It increases future operating earnings
 - c) It does not affect the manager's performance compensation.
 - d) A and B
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