

Course No: ACNE 3306
Course Title: Accounting Theory
Institute Accounting
Date: 19 / 05/ 2019
No. of Questions: 2
Time: 2 hours
Using Calculator (No)

University of Palestine



Final Exam
2^{ed} quadmester 2019
Total Grade: 50

Instructor Name: Ibrahim Sammour
Student No.: _____
Student Name: _____
College Name: _____
Dep. / Specialist: _____
Using Dictionary (No)

Q1 (10/50)

Determine if each of the following is true (T) or false (F):

1. In deductive approach a logical structure for accomplishing the objectives based on just the definitions is developed.
2. Pragmatic Approach Based upon the concept of utility or usefulness.
3. Financial information have-not affect the distribution of wealth among investors
4. The preparation of the income statement has been impacted by differences of opinion on the definition of ongoing operations.
5. Psychic income Refers to the satisfaction of human wants and Measurement is easy because the human wants are quantifiable.
6. A discontinued operation occurs when a company eliminates the results of operations and cash flows of a component from its ongoing operations.
7. Fundamental analysis is an attempt to identify individual securities that are mispriced by reviewing all available financial information
8. SFAC No. 8 indicates that the primary focus of financial reporting is to provide information about a company's performance.
9. According to the supply and demand model, the price is determined by the consensus of sellers' knowledge of relevant information about the product.
10. The concept of physical capital maintenance requires that all assets and liabilities be stated at their current value.

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Q2 (10/50)

Multiple Choice

1. A measure of a company's profitability is the
 - a. Current ratio
 - b. Current cash debt coverage ratio
 - c. Return on assets ratio
 - d. Debt to total assets ratio

2. Which of the following is not an example of an error?
 - a. A change from an accounting practice that is not generally acceptable to a practice that is generally acceptable.
 - b. Mathematical mistakes.
 - c. A change from LIFO to FIFO inventory costing
 - d. The incorrect classification of costs and expense

3. Which of the following is not a use of international accounting standards?
 - a. As national requirements.
 - b. As standards to be violated to improve intercountry comparability..
 - c. As an international benchmark for those countries that develop their own requirements.
 - d. By regulatory authorities for domestic and foreign companies

4. Which of the following outcomes of providing accounting information is an attempt to deal with both risks and returns?
 - a. Agency theory
 - b. Efficient markets
 - c. Fundamental analysis
 - d. Capital asset pricing model

5. A measure of a company's profitability is the:
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6. Conventionally accountants measure income:
- By applying a value added concept
 - By using a transactions approach
 - As a change in the value of owners' equity
 - As a change in the purchasing power of owners' equity
7. Uncertainty and risks inherent in business situations should be adequately considered in financial reporting. This statement is an example of the concept of:
- Conservatism
 - Completeness
 - Neutrality
 - Representational faithfulness
8. Which of the following is not an income statement element?
- Asset
 - Gain
 - Revenue
 - Expense
9. Which of the following outcomes of providing accounting information is based on the supply and demand model:
- Agency theory
 - Efficient markets
 - Fundamental analysis
 - Capital asset pricing model
10. The efficient market hypothesis holds that that financial markets price assets at their intrinsic worth, given all available information. Which of the following forms of the efficient market hypothesis defines all available information as knowledge of past security prices?
- Weak
 - Semi-weak
 - Semi-strong
 - Strong

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Q3 (10/50)

In Income Statement Elements you find The following terms: **Revenues, Gains**
Compare between these two terms?

Q4 (10/50)

- 1- A discontinued operation occurs when two things happen. Explain these things ?
- 2- Describe the efficient market hypothesis and its three forms?

Q5 (10/50)

List The Outcomes of Providing Accounting Information?

End of Questions
Good Luck