



Worldatwork T7 Practice Questions

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Question 1

Question Type: MultipleChoice

Issuance of interim reports is an example of what enhancing characteristic?

Options:

- A- Comparability
- B- Verifiability
- C- Relevance
- D- Timeliness

Answer:

D

Question 2

Question Type: MultipleChoice

IAS 19 classifies employee benefits into four main categories. Which option best best represent those categories?

Options:

- A- Wages, short-term benefits, long-term benefits, termination benefits
- B- Wages, profit-sharing, bonuses, non-monetary bonuses
- C- Short-term benefits, post-employment benefits, long-term benefits, termination benefits
- D- Wages, short-term benefits, bonuses, termination benefits

Answer:

C

Question 3

Question Type: MultipleChoice

When the economic consequences of a standard or rule is ignored, which characteristic is being represented?

Options:

- A- Neutral
- B- Verifiability
- C- Complete
- D- Relevance

Answer:

A

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Question 4

Question Type: MultipleChoice

What is the reconciliation of the beginning and ending balances of stockholders' equity accounts called?

Options:

- A- Statement of Financial Position
- B- Statement of Income
- C- Statement of Cash Flows
- D- Statement of Stockholders' Equity

Answer:

D

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Question 5

Question Type: MultipleChoice

Level 3 of the conceptual framework for financial reporting includes five basic assumptions. Which of the following describes the basic assumption of economic entity?

Options:

- A- The company lasts long enough to fulfill objectives and commitments
- B- The company keeps its activity separate from its owners and other business units
- C- The company can divide its economic activities into time periods
- D- Transactions are recorded in the periods in which the events occur

Answer:

B

Question 6

Question Type: MultipleChoice

Identify the characteristic being employed when companies in the same industry are using the same accounting principles.

Options:

- A- Comparability
- B- Relevance
- C- Faithful representation
- D- Verifiability

Answer:

A

Question 7

Question Type: MultipleChoice

Which of the following describes the concerns of Level 3 of the conceptual framework for financial reporting?

Options:

- A- Basic objective
- B- Recognition, measurement, and disclosure concepts
- C- Fundamental concepts

D- Elements of financial statements

Answer:

B

Question 8

Question Type: MultipleChoice

When does a present obligation exist?

Options:

A- When the employee renders service

B- When the company has no realistic alternative but to make the payments

C- When a change in the company's informal practices would cause unacceptable damage to its relationship with employees

D- When the company recognizes the expected cost of profit-sharing and bonus payments

Answer:

B

Question 9

Question Type: MultipleChoice

What is one of the main purposes of the International Financial Reporting Interpretations Committee (IFRIC)?

Options:

A- Provide guidance on reporting issues not specifically addressed in International Accounting Standards Board (IASB)'s standards

B- Provide advice to International Accounting Standards Board (IASB) on priorities

C- Monitor International Accounting Standards Board (IASB)'s effectiveness, raise funds, and approve budget

D- Discuss the roles and responsibilities of the International Accounting Standards Board (IASB) and its advisory groups

Answer:

A

Question 10

Question Type: MultipleChoice

To estimate how much the employees have earned for their work in the current and prior periods in order to attribute the benefit to the periods of service and to incorporate estimates about demographics and financial variables into calculations, a company must utilize what method?

Options:

- A- Re-measurement method
- B- Fair value method
- C- Net present value method
- D- Projected unit credit method

Answer:

D

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