

T7^{Q&As}

International Financial Reporting Standards for Compensation Professionals Exam

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QUESTION 1

Employee benefits that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employee rendered the related service are considered what kind of benefits?

- A. Short-term benefits
- B. Post-employment benefits
- C. Termination benefits
- D. Long-term benefits

Correct Answer: A

QUESTION 2

Which of the following most accurately describes the overall objective of financial reporting?

- A. Provide information that is useful for decision making
- B. Enable International Accounting Standards Board (IASB) to issue more useful and consistent pronouncements
- C. Enhance and organization's financial consistency over time as Board members change
- D. To classify an organization's stakeholders as either internal or external information users

Correct Answer: A

QUESTION 3

Employee benefits provided in exchange for the end of an employee's employment are considered what kind of benefits?

- A. Short-term benefits
- B. Post-employment benefits
- C. Termination benefits
- D. Long-term benefits

Correct Answer: C

QUESTION 4

Neutral and complete are ingredients of which of the following fundamental characteristics of accounting information?

- A. Faithful representation

- B. Relevance
- C. Predictive value
- D. Comparability

Correct Answer: A

QUESTION 5

Which statement best describes the revalued amount of an asset?

- A. Its fair value at the date of revaluation less accumulated impairment
- B. Its fair value at the date of revaluation less accumulated depreciation
- C. Its fair value, less retained earnings
- D. Its fair value at the date of revaluation less accumulated depreciation and accumulated impairment

Correct Answer: D

QUESTION 6

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

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

Correct Answer: A

QUESTION 7

Why is faithful representation important in accounting documentation?

- A. It ensures neutrality on the part of the company's accounting department
- B. It guarantees that all information is free from error
- C. It is useful if information represents what it purports to represent
- D. It indicates that accountants have confirmed all of the data

Correct Answer: C

QUESTION 8

The profit-sharing plan of Company ABC requires the company pay a specified proportion of its profit for the year to employees who serve throughout the year. If no employees leave during the year, the total profit-sharing payments for the year will be 3% of profit. The company estimates that staff turnover will reduce the payments to 2.5% of profit. What does Company ABC recognize as a liability and an expense?

- A. 0.5% of profit
- B. 2.5% of profit
- C. 3% of profit
- D. 5.5% of profit

Correct Answer: B

QUESTION 9

Which of the following is true of liabilities?

- A. Current liabilities come due in less than a year
- B. Current liabilities come due in less than 18 months
- C. Noncurrent liabilities come due in less than a year
- D. Both current and noncurrent liabilities come due in less than a year

Correct Answer: A

QUESTION 10

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

- 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

Correct Answer: A

QUESTION 11

When the quality of information confirms users' earlier expectations, which characteristic is being represented?

- A. Verifiability
- B. Predictive value
- C. Confirmatory value
- D. Faithful representation

Correct Answer: C

QUESTION 12

Why is accounting for short-term employee benefits generally a straightforward process?

- A. Because no actuarial assumptions are required to measure the obligation or cost and there is no possibility of any actuarial gain or loss
- B. Because short-term employee benefit obligations are measured on a discounted basis
- C. Because short-term employee benefits are not provided in exchange for the service of the employee
- D. Because the employer is required to incorporate actuarial assumptions into measurement of the obligation and the expenses

Correct Answer: A

QUESTION 13

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

- 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

Correct Answer: B

QUESTION 14

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

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

D. Elements of financial statements

Correct Answer: B

QUESTION 15

Level 2 of the conceptual framework of International Accounting Standards Board (IASB) identifies qualitative characteristics of accounting information. These characteristics distinguish more useful information from less useful information.

To what end is this distinction useful?

- A. For reporting purposes
- B. For business strategy
- C. For decision-making purposes
- D. For organizational vision

Correct Answer: C

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