

WorldatWork T7 Exam

Volume: 89 Questions

Question No : 1

IAS 19 requires that all numbers involved in accounting for defined benefit plans be presented as a single amount in the statement of financial position. What is this amount called?

- A. Net defined benefit liability (asset)
- B. Asset ceiling
- C. Fair value
- D. Net present value

Answer: A

Question No : 2

Paid annual leave and paid sick leave are examples of which kind of employee benefits?

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

Answer: A

Question No : 3

Employee benefits that are not short-term, post-employment or termination benefits are considered what kind of benefits?

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

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Answer: D

Question No : 4

Which body has the sole responsibility for setting standards?

- A. Standards Advisory Council (SAC)
- B. International Accounting Standards Board (IASB)
- C. International Financial Reporting Interpretations Committee (IFRIC)
- D. Accounting Principles Board (APB)

Answer: B

Question No : 5

What is the present value of any economic benefits available in the form of refunds from or reductions in the future contributions to the defined benefits plan called?

- A. Net defined benefit liability (asset)
- B. Asset ceiling
- C. Fair value
- D. Net present value

Answer: B

Question No : 6

What is the purpose of a balance sheet?

- A. To show sources of funds and the manner in which those funds are employed
- B. To account for changes in cash during the accounting period
- C. To show details of the nature of a company's operating activities
- D. To reconcile the beginning and ending balances of stockholders' equity

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Answer: A

Question No : 7

Which of the following describes the change in the net defined benefit liability (asset) during the period due to passage of time?

- A. Past service cost
- B. Current service cost
- C. Net interest on the net defined benefit liability (asset)
- D. Time value of money

Answer: C

Question No : 8

In defined contribution plans when the contributions are not expected to be settled wholly before twelve months after the end of the reporting period, what must occur?

- A. The employer must assume risk for the plan
- B. Contributions must be discounted
- C. Contributions must not be discounted
- D. The employer must pay a specified amount to the employee

Answer: B

Question No : 9

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

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D. Long-term benefits

Answer: C

Question No : 10

What is a constructive obligation?

A. When a company recognizes the expected cost of profit-sharing and bonus payments

B. When a company has no realistic alternative but to make payments

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

D. The required accounting entry for liabilities or accrued expenses or cash paid

Answer: C

Question No : 11

Which of the following is a benefit of moving toward a single set of standards?

A. Create equity across the economies of different countries

B. Reduce the number of cross-border capital flows

C. Greater comparability between companies equals lower cost to investors

D. Less competition among exchanges

Answer: C

Question No : 12

Which of the following is the term that describes total net sales minus total expenses?

A. Operating expenses

B. Net income

C. Total income

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D. Current assets

Answer: B

Question No : 13

Which of the following best defines the term “equity”?

A. The residual interest in the assets of the entity after deducting all its liabilities

B. A present obligation of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits

C. Decreases in economic benefits during the accounting period in the form of outflows or depletions of assets or incurrences of liabilities that result in decreases in equity, other than those relating to distributions to equity participants

D. Increases in economic benefits during the accounting period in the form of inflows or enhancements of assets or decreases of liabilities that result in increases in equity, other than those relating to contributions from equity participants

Answer: A

Question No : 14

An offer of redundancy is an example of which kind of employee benefits?

A. Short-term benefits

B. Post-employment benefits

C. Termination benefits

D. Long-term benefits

Answer: C

Question No : 15

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

A. Verifiability