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**Vendor:**WorldatWork

**Exam Code:**T7

**Exam Name:**International Financial Reporting  
Standards for Compensation Professionals Exam

**Version:**Demo

**QUESTION 1**

When a company consumes the economic benefit arising from service provided by an employee in exchange for employee benefits, what is it considered in accounting terms?

- A. The employee value proposition
- B. An expense
- C. A benefit
- D. A cost

Correct Answer: B

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**QUESTION 2**

When a company provides information that is of sufficient importance to influence the judgment and decisions of an informed user, which principle of Level 3 of the conceptual framework is being represented?

- A. Faithful representation
- B. Measurement
- C. Full disclosure
- D. Going concern

Correct Answer: C

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**QUESTION 3**

Profit-sharing and bonuses are an example of which kind of employee benefits?

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

Correct Answer: D

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**QUESTION 4**

What is the sum of current and noncurrent liabilities called?

- A. Total cost

- B. Current debt
- C. Total expenses
- D. Total liabilities

Correct Answer: D

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#### **QUESTION 5**

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

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

Correct Answer: A

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#### **QUESTION 6**

Which characteristic requires a high degree of consensus among individuals on a given measurement?

- A. Faithful representation
- B. Verifiability
- C. Comparability
- D. Neutral

Correct Answer: B

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#### **QUESTION 7**

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

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### QUESTION 8

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?

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

Correct Answer: D

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### QUESTION 9

What is the timing of revenue recognition?

- A. When it is probable that future economic benefits will flow to the company and reliable measurement of the amount of revenue is possible
- B. When the company reports current and non-current classifications in its statement of financial position
- C. When economic benefits are received by the company and reliable measurement of the amount of revenue is possible
- D. When users have sufficient reasonable knowledge of business and financial accounting matters to understand the information

Correct Answer: A

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### QUESTION 10

Which fundamental qualitative characteristics make accounting information useful for decision-making?

- A. Relevance and faithful representation
- B. Cost and materiality
- C. Assets and liability
- D. Income and expenses

Correct Answer: A

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### QUESTION 11

Which of the following is a disadvantage of reporting assets at historical cost?

- A. Historical cost is not objective
- B. Historical cost is not particularly relevant to most readers
- C. Historical cost is subject interpretation, and therefore to bias
- D. Historical cost is not verifiable

Correct Answer: B

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#### **QUESTION 12**

Why is accounting for defined benefits plans one of the most complex issues in International Financial Reporting Standards?

- A. Because it involves incorporating actuarial assumptions into measurement of the obligation and the expenses
- B. Because defined benefits plan obligations are not measured on a discounted basis
- C. Because defined benefits plans must be settled within ten years after the employee renders the related service
- D. Because the employer is not allowed to incorporate actuarial assumptions into measurement of the obligation and the expenses

Correct Answer: A