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Question 1

Question Type: MultipleChoice

Which of the following is true of liabilities?

Options:

- 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

Answer:

A

Question 2

Question Type: MultipleChoice

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

Options:

- 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

Answer:

B

Question 3

Question Type: MultipleChoice

Which statement best describes the revalued amount of an asset?

Options:

- 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

Answer:

D

Question 4

Question Type: MultipleChoice

How do noncurrent assets (long-term assets) differ from current assets?

Options:

- A- Noncurrent assets cannot be easily converted to cash within a year

- B-** Noncurrent assets are not affected by the fiscal year
- C-** Noncurrent assets cannot be easily converted to cash within two years
- D-** Noncurrent assets can only be converted to cash until the subsequent fiscal year

Answer:

A

Question 5

Question Type: MultipleChoice

Current assets comprise assets that can be converted to cash. They must be converted within what time period?

Options:

- A-** Before the end of the fiscal year
- B-** Within a year
- C-** Within a fiscal year
- D-** Within two years

Answer:

B

Question 6

Question Type: MultipleChoice

Which of the following is the best description of liquidity?

Options:

- A- The historical cost of an asset
- B- The fair value of an asset
- C- The ease of converting a noncash asset to cash
- D- Liabilities, minus equity

Answer:

C

Question 7

Question Type: MultipleChoice

The following requirements are characteristic of which term below? Must be reported on the balance sheet; must be owned or controlled by the company; and must possess expected future benefits.

Options:

- A- Assets
- B- Owners' equity
- C- Contributed capital
- D- Liabilities

Answer:

A

Question 8

Question Type: MultipleChoice

Which of the following is one of the four main financial statements?

Options:

- A- Statement of full disclosure
- B- Statement of assets
- C- Statement of changes in shareholders' equity
- D- Statement of accrual accounting

Answer:

C

Question 9

Question Type: MultipleChoice

Which of the following is true of accrual accounting?

Options:

- A- Neither the recognition of revenue nor the recording of expense necessarily involves the receipt or payment of cash
- B- It rests on a primary guiding principle, which is recognition
- C- The recognition of revenue involves the receipt or payment of cash, while the recording of expense does not
- D- It entails recording income or expenditure only when money comes into or leaves the company

Answer:

A

Question 10

Question Type: MultipleChoice

What are the two guiding principles of accrual accounting?

Options:

- A- Expense recognition and matching

- B- Revenue recognition and matching
- C- Revenue recognition and measurement
- D- Cost and materiality

Answer:

B

Question 11

Question Type: MultipleChoice

Recognition of revenue when earned and the matching of expenses when incurred describes which of the following practices?

Options:

- A- Business accounting
- B- Cash basis accounting
- C- IASB accounting
- D- Accrual accounting

Answer:

D

Question 12

Question Type: MultipleChoice

Company XYZ does not disclose any information in the notes to their financial statements unless the value of the information to users exceeds the expense of gathering it. Which constraint of Level 3 of the conceptual framework does this represent?

Options:

- A- Cost
- B- Materiality
- C- Expense
- D- Disclosure

Answer:

A

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