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PRACTICE QUESTIONS



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Exam : **C1**

Title : Regulatory Environments for Compensation Programs

Version : DEMO

1.Which of the following combines traditionally segregated time off and leave programs into one policy covering a single block of time?
A. Personal leave
B. Sabbatical
C. Severance allowances
D. Paid time off (PTO) bank
Answer: D

2.The XYZ Company opened a new manufacturing facility with a capital investment of 10,000,000. The cost to obtain the capital was 8%. In its first year of operations, the facility's net operating profit after taxes was 10,500,000.
What was the economic value added (EVA) using the EVA formula?
A. 500,000
B. 840,000
C. 8,000,000
D. 9,700,000
Answer: D

3.As a general rule, what are individual contributors most likely to ask about their compensation?
A. What the take-home pay will be
B. How their pay compares to co-workers
C. How the company sets compensation budgets
D. How the company makes pay decisions that affect them
Answer: D

4.What do working capital metrics evaluate?
A. The change in working capital over a specific period of time, typically one year
B. A company's efficiency in converting short-term capital into cash
C. A company's mean capital expenditure per employee
D. The amount of cash needed to meet the company's short-term obligations
Answer: B

5.What best describes an effective core technique for communicating with executives?
A. Focus on negative issues first, such as compensation costs exceeding budget, to get their attention
B. Provide a wide range of facts and figures. With their high level of responsibility, executives must have all the data before they can make informed decisions.
C. Assume they have little knowledge of the issue and make a detailed presentation leading up to the purpose of the meeting.
D. Recommend a solution that will solve the issue and explain why it is the best solution available.
Answer: D