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QUESTION & ANSWER

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Exam : **C8**

Title : Business Acumen for
Compensation Professional

Version : DEMO

1.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

2.Which of the following best describes present value?

- A. The current value of holdings
- B. The current value of holdings and how much it will grow over time at a given rate of return
- C. The desired value in the future and what needs to be invested today to realize that amount
- D. The difference between the desired value in the future and the current value as a percentage of the desired value

Answer: C

3.When connecting with other business units, what best describes a reason why is it important to keep up to date on organizational challenges?

- A. Because you will be more informed when differences of opinion occur, lending more credibility to your position
- B. Because you can demonstrate your understanding of issues from multiple perspectives
- C. Because you will be able to explain the negative consequences of opposing your position
- D. Because stakeholders with diverse opinions tend to compromise when they are aware that others know their weaknesses

Answer: B

4.The Alpha company ships an order to a customer on March 1st and invoices the customer for the product with the shipment, with payment terms of net 30 days. The customer's payment is received on April 5th. The payment clears the bank and shows on Alpha's account on April 8th.

If Alpha is using accrual accounting, when does it record the revenue for this sale?

- A. March 1st
- B. March 31st
- C. April 5th
- D. April 8th

Answer: A

5.What best describes the primary purpose of budgeting?

- A. Limiting spending to a fixed percentage of organizational revenue
- B. Making choices about spending based on expectations of performance
- C. Increasing profitability of the business annually to maximize shareholder/owner value
- D. Complying with local legislation and maintaining accurate records to prepare financial reports and tax documents

Answer: B