

The following sample questions are only meant to give candidates an indication of the IRC examination format and type of topics covered.

These questions do not reflect the actual difficulty level of the IRC examination, and will not appear on any future IRC examination.

- I. The foundational element of a company's brand and reputation is:
 - A. its statement of mission and values
 - B. its social responsibility programs
 - C. its corporate governance practices
 - D. its breadth of products and services

- II. The day before quarterly earnings are scheduled to be released, a copy of a company's final press release appears online via a social media outlet during trading hours. Which of the following actions should the company's IR professional take first?
 - A. Issue a press release saying that the company's official quarterly results press release will be issued as scheduled.
 - B. Distribute a press release with as much detail as possible about the quarterly results.
 - C. Due to quiet-period constraints, do not issue any formal company announcements.
 - D. Notify the stock exchange of the inadvertent disclosure.

- III. When developing the IR messaging for a high growth company which of the following is the most appropriate message to build into the presentation?
 - A. Revenue trends
 - B. Dividend policy
 - C. Expense controls
 - D. Stock performance

- IV. Well-crafted corporate messaging should enhance the liquidity of a company's stock because:
 - A. investors want the most current financial information about the company on a regular basis.
 - B. it's important to provide head-to-head comparisons with the company's industry peers.
 - C. high quality, accessible information can increase the number of analysts following the company.
 - D. the use of non-GAAP data can detract from the consistency of the information provided.

- V. A company reported a net loss of \$12.5 million in its first quarter, had 12.5 million average fully-diluted shares, and 10.0 million average basic shares outstanding. What is the company's EPS for the first quarter?
 - A. -1.00
 - B. 1.00
 - C. -1.25
 - D. 1.25

- VI.** The CFO has asked the IR professional to identify the company's peers. Which of the following factors is the least important when determining which firms should be part of the peer group?
- A. Market cap
 - B. Beta
 - C. Debt/equity ratio
 - D. Industry
- VII.** What is the auditor's primary intention when issuing a qualified opinion on a company's financial statements?
- A. To assure all interested parties of the auditor's qualifications and certifications.
 - B. To signal that the auditor believes there may be concerns about errors and omissions.
 - C. To represent that the auditor did not meet with all relevant parties within the company.
 - D. To confirm the financial statements are presented fairly and without errors.
- VIII.** The CFO wants to know the investors' preference for either an increase in the share buyback program or dividends. What is the most efficient way for the IR professional to gather the data and make a recommendation?
- A. Survey sell-side.
 - B. Analyze ratio of buyback versus dividends for peer group.
 - C. Survey portfolio managers.
 - D. Analyze investment profiles of key shareholders.
- IX.** When only using social media to announce material information to investors, how can a company stay in compliance with Regulation FD?
- A. Alert investment community about which social media outlet will be used to disseminate material information beforehand.
 - B. Use more than one social media outlet to ensure that privileged access isn't provided to a select group of investors.
 - C. Provide social media users with access to senior management for related Q&A follow ups.
 - D. Distribute key information to social media users before updating the company's website.
- X.** An IR professional is asked by a shareholder about why the company has a combined chairman of the board and CEO role. The shareholder indicates a deep concern about the independence of the board with a combined role. Which of the following should the IR professional do first?
- A. Research the shareholder's position in past proxy campaigns and alert senior management.
 - B. Record the notes from the meeting for future reference.
 - C. Provide the appropriate proxy and corporate governance documents.
 - D. Refer the shareholder to the CEO to directly address concerns.

Answer Keys

- I. Key: A / Content Area: 1. B. / Category: Cognitive level: 1-Recall / Difficulty level: Moderate
- II. Key: D / Content Area: 2. D. / Category: Cognitive level: 2-Application / Difficulty level: Easy
- III. Key: A / Content Area: 3. B. / Category: Category 2: 2016 / Cognitive level: 2-Application / Difficulty level: Easy
- IV. Key: C / Content Area: 4. B. / Category: Cognitive level: 2-Application / Difficulty level: Moderate
- V. Key: C / Content Area: 5. A. / Category: Cognitive level: 2-Application / Difficulty level: Moderate
- VI. Key: B / Content Area: 6. A. / Category: Cognitive level: 2-Application / Difficulty level: Easy
- VII. Key: B / Content Area: 7. B. / Category: Cognitive level: 1-Recall / Difficulty level: Easy
- VIII. Key: D / Content Area: 8. B. / Category: Cognitive level: 3-Analysis / Difficulty level: Moderate
- IX. Key: A / Content Area: 9. A. / Category: Cognitive level: 1-Recall / Difficulty level: Moderate
- X. Key: C / Content Area: 10. A. / Category: Cognitive level: 2-Application / Difficulty level: Moderate

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