



ITTEST

QUESTION & ANSWER

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Exam : **CTP**

Title : Certified Treasury
Professional

Version : Demo

1.Which of the following are important uses of variance analysis in comparing actual cash flows with projected cash flows?

- I. Identifying unanticipated changes in inventory
- II. Enhancing short-term investment income
- III. Validating a capital budget
- IV. Identifying delays in accounts receivable collections

- A. I and II only
- B. I and IV only
- C. II and IV only
- D. I, II, III, and IV

Answer: B

2.An instrument that gives the right to buy a stated number of shares of common stock at a specified price is known as:

- A. an equity warrant
- B. a put option
- C. a zero coupon bond
- D. a subordinated debenture

Answer: A

3.A company plans to issue additional equity within the next 12 months but needs to issue debt at a low interest rate now. Which of the following instruments would BEST meet this objective?

- A. Convertible bonds
- B. Private placement issue
- C. Preferred stock
- D. Subordinated debentures

Answer: A

4.An arrangement in which a borrower makes periodic payments to a separate custodial account that is used to repay debt is known as a:

- A. sinking fund
- B. balloon payment
- C. mortgage
- D. zero-coupon bond

Answer: A

5.Which of the following instruments simplifies the paperwork connected with loans that have multiple advance features?

- A. Master note
- B. Banker's acceptance
- C. Indenture agreement
- D. Note purchase agreement

Answer: A

6.A put option on a company's stock has an exercise price of \$20. On the delivery date, the stock is trading at \$24 per share. What should the investor who has paid \$2 for the option do?

- A. Not exercise the option and lose \$2.
- B. Not exercise the option and lose \$6.
- C. Exercise the option and gain \$2.
- D. Exercise the option and gain \$4.

Answer: A

7.A call option for a company has an exercise price of \$50. The stock is currently trading at \$60. At maturity, what should an investor who paid \$3 for the option do?

- A. Exercise the option and gain \$7.
- B. Exercise the option and gain \$10.
- C. Not exercise the option and lose \$3.
- D. Not exercise the option and lose \$13.

Answer: A

8.In a typical swap transaction, two parties agree to exchange:

- A. notional principal amounts.
- B. amortization schedules.
- C. maturity dates of obligations.
- D. cash flows at future points in time.

Answer: D

9.A Chicago meat processor is concerned about the volatility of pork belly prices. Which of the following derivative products would be used to fix these prices within a given range?

- A. Collar
- B. Swap
- C. Cap
- D. Spot purchase

Answer: A

10.On the basis of the following exchange rates,

Currency	U.S. \$
Canadian dollar	1.781/C\$
British pound	0.62/£
Euro	0.847/€
Japanese yen	139.00/¥

which of the following currency amounts has the greatest value in U.S. dollars?

- A. C\$750,000
- B. ¥850,000

- C. €900,000
- D. £5,000,000

Answer: B

11. Which of the following is a characteristic of giro systems used in countries in Europe?

- A. They operate through their postal systems.
- B. They are primarily used for company-to-company payments.
- C. They do not replace checks for the payment of bills.
- D. They do not allow the use of direct debits and credits.

Answer: A

12. Netting is used by which of the following as a cross-border payment technique?

- A. European giro providers
- B. Foreign subsidiaries of a company
- C. Counterparties in a letter of credit transaction
- D. TARGET participants

Answer: B

13. In which of the following international cash management methods is title for goods transferred for intercompany sales?

- A. Pooling
- B. Internal factoring
- C. Multilateral netting
- D. Re-invoicing

Answer: D

14. A company is based in the United States and has an operating subsidiary in Germany. With a stable U.S. dollar and a depreciating euro, the company's cash manager may elect to:

- A. pool excess funds in the United States to offset German deficits.
- B. implement a dollar-based multilateral netting system.
- C. start leading receivables from the German subsidiary.
- D. establish a multicurrency account in the United States.

Answer: C

15. Account analysis statements should be examined for which of the following reasons?

- I. To verify volumes processed
- II. To determine daily cash shortages
- III. To verify the accuracy of bank service charges
- IV. To ensure that company-initiated transactions have occurred

- A. I and IV only
- B. I and III only
- C. II and III only
- D. II and IV only

Answer: B

16. An optimal concentration system minimizes all of the following EXCEPT:

- A. administrative costs.
- B. disbursement float.
- C. excess balances.
- D. transfer costs.

Answer: B

17. A bank issues a letter of credit (L/C) and receives a request for payment under the L/C. The buyer notifies the issuing bank not to make payment because there is a dispute over the quality of the merchandise. However, the documents received fully comply with the terms of the L/C. Which of the following statements is true?

- A. The buyer may immediately return the merchandise and cancel the L/C.
- B. The bank may delay payment until reimbursed by the buyer.
- C. The bank may delay payment, provided the seller is notified of the dispute within three business days.
- D. The bank must make payment and is entitled to immediate reimbursement from the buyer.

Answer: D

18. The KEY decision in using CCD+ and CTX formats for B2B payments is:

- A. whether to keep the payment and remittance information together or separate.
- B. whether to use the Internet or an EDI spoke to transmit electronic payments.
- C. whether to use an EDI or a UN/EDIFACT protocol to transfer the value electronically.
- D. whether an evaluated receipts or paid-on-production technique is being used for the transfer.

Answer: A

19. Which one of the following ties a user's private key to a user's public key?

- A. A digital signature
- B. A digital certificate
- C. A digitized signature
- D. A digital token

Answer: B

20. A French company conducts business strictly within the euro zone (the EMU). Which type of risk is of LEAST concern?

- A. Terrorist
- B. Regulatory
- C. Payment
- D. Currency

Answer: D