

**Exam Number/Code:CTP**

**Exam Name:**Certified Treasury  
Professional

**Version:** Demo

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**QUESTION NO: 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**

**QUESTION NO: 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**

**QUESTION NO: 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**

**QUESTION NO: 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**

**QUESTION NO: 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**

**QUESTION NO: 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**

**QUESTION NO: 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**

**QUESTION NO: 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**

**QUESTION NO: 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**

**QUESTION NO: 10**

On the basis of the following exchange rates,

<b>Currency</b>	<b>U.S. \$</b>
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**

**QUESTION NO: 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**

**QUESTION NO: 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**

**QUESTION NO: 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**

**QUESTION NO: 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**

**QUESTION NO: 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**