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QUESTION 1

A PRIMARY objective of the cash concentration function is to:

- A. move funds to where they can be used most productively.
- B. eliminate service charges at outlying field banks.
- C. minimize the number of disbursement banks required.
- D. improve the predictability of cash outflow.

Correct Answer: A

QUESTION 2

To arrive at today's projected closing cash position, a cash manager starts with:

- A. the opening bank available balance.
- B. yesterday's projected closing cash position.
- C. the general ledger cash balance.
- D. today's expected settlements.

Correct Answer: A

QUESTION 3

Which of the following statements is (are) true about non-repetitive wires?

- I. They may require additional security steps.
- II. They are typically used for cash concentration.
- III.

They may be used for transactions where dates, parties, and/or amounts may be variable.

- A.
- III
- B.
- I and II
- C.
- I and III

D.

I, II, and III

Correct Answer: C

QUESTION 4

All of the following staff would be involved in the evaluation of an outsourced accounts payable solution EXCEPT:

A. an internal auditor.

B. a treasurer.

C. a controller.

D. a credit manager.

Correct Answer: D

QUESTION 5

The renegotiation of trade payment terms in an e-commerce environment should include which of the following?

A. Application of the payment to the accounts receivable system

B. NACHA format chosen for the payments

C. A bank that will process the payment

D. Evaluation of payment clearing history

Correct Answer: D

QUESTION 6

Companies implement EDI in order to realize which of the following benefits? I.Decreased error rates II.Decreased order lead time III.Improved productivity IV.Improved cash forecasting

A. I and II only

B. I, III, and IV only

C. II, III, and IV only

D. I, II, III, and IV

Correct Answer: D

QUESTION 7

A shareholder right found in many corporate charters is the preemptive right which provides:

- A. the right to purchase shares of new stock and maintain pro-rata ownership interest.
- B. the right to choose directors through cumulative voting.
- C. the right to prevent the company from setting certain board agenda items.
- D. the right of shareholders to choose the corporation's auditor.

Correct Answer: A

QUESTION 8

Operational risk is defined as the risk of direct or indirect losses resulting from external events or failure of internal resources. As treasury departments maintain legacy systems that must be integrated into more complex technology, one would expect that:

- A. internal risks would increase due to the combination of manual and automated processes.
- B. external risks would decrease as the newer technology will offer more security.
- C. all risks would remain unchanged, as long as the same process controls are maintained.
- D. operational risks would decrease with the adoption of new technology.

Correct Answer: A

QUESTION 9

An accounts receivable manager has been asked to accelerate cash into her company by offering trade discount terms to its customers. Her company's cost of capital is 11%. If she offers terms of 2/10, net 30 on a \$50,000 invoice, what is the present value to the company if the customer accepts the discount and pays early?

- A. \$48,852
- B. \$48,366
- C. \$48,121
- D. \$47,996

Correct Answer: A

QUESTION 10

A publicly traded company is looking to fund its next project with the issuance of stock. The company's stock is primarily held by a small group of investors. The company is concerned that issuing stock may upset these investors because it would dilute their holdings. Which of the following strategies would help address the investors' concern?

- A. Grant the investors cumulative voting rights.
- B. Grant the investors pre-emptive rights to the new issue.
- C. Allow the investors to cast their votes by proxy at the next shareowners meeting.
- D. Offer to stagger the election of directors.

Correct Answer: B

QUESTION 11

A U.S. company has a secured committed line of credit of \$5 million. The company successfully transmitted a \$5.5 million wire transfer instruction out to the bank. The bank contacted the company and informed it that the wire transfer would not be processed. What is the MOST LIKELY reason the bank gave the company?

- A. The company overdraft facility was sufficient.
- B. The bank imposed a guidance line of credit on the account.
- C. The company reached its maximum limit on the committed line.
- D. The bank refused funding on the company's discretionary line of credit.

Correct Answer: B

QUESTION 12

The regional offices of ABC Company implemented a system that would allow the employees to pass information between regions in a secure fashion. This system requires that all offices have the same key in order to read messages sent electronically. Which e-commerce security type is MOST LIKELY being used?

- A. Secure sockets layer
- B. Layered authentication
- C. Public key infrastructure
- D. Shared secret key system

Correct Answer: D

QUESTION 13

A company has negotiated a credit facility with the following terms:

\$5,000,000 line of credit
\$3,000,000 average borrowing
30 basis point commitment fee on unused portion of line
Interest rate on advances is 1-month LIBOR plus 4%
1-month LIBOR is currently 2%
Compensating balance requirement of 20% on the outstanding borrowings

What is the effective annual borrowing rate for the line of credit?

- A. 6.0%
- B. 6.2%
- C. 7.8%
- D. 9.3%

Correct Answer: C

QUESTION 14

Which two of the following are necessary to calculate average collected balances?

- I. Deposit float
- II. Reserve requirements
- III. Ledger balance
- IV. Earnings credit rate

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

Correct Answer: B

QUESTION 15

A company is looking for a way to finance their inventory. What is the BEST funding match?

- A. Long-term private placement
- B. Short-term debt
- C. Equity issuance
- D. Stock split

Correct Answer: B

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