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NEW QUESTION: 1

Under the standards of corporate governance adopted in 2002, an independent director must:

- A. be one of three directors on the nominating committee.
- B. have been with the organization for at least five years.
- C. have no material relationship with the organization.
- D. meet with management in regular executive sessions.

Answer: C ([LEAVE A REPLY](#))

NEW QUESTION: 2

Company A has decided to purchase \$3,000,000 of real estate from Company B.

Company A will make the payment in 3 parts. The electronic payments will be sent from Bank A to Bank B.

On Day 1 Company A will send a \$400,000 check as a deposit, which is deductible from the balance. The check is expected to clear in 4 days. On Day 2, two payments are initiated, one wire transfer for \$2,000,000 and an ACH for \$600,000 to complete the balance. On Day 2 what percentage of the payment to Company B is NOT final?

- A. 33.3%
- B. 86.7%
- C. 66.7%
- D. 100%

Answer: A ([LEAVE A REPLY](#))

NEW QUESTION: 3

A consumer is presented with payment options from a merchant when making a purchase. The consumer does not wish to share any information that could be later used in identity theft or fraud, while the merchant requires guaranteed payments within 24 hours with no NSFs or declined payments. Which of the following options would suit both the consumer and the merchant?

- A. Credit card payment
- B. NACHA's Secure Vault Payments™
- C. E-check
- D. Direct debit

Answer: B ([LEAVE A REPLY](#))

NEW QUESTION: 4

Investors typically require a higher yield as compensation for holding securities that have:

- A. less marketability.
- B. low default risk.
- C. tax exempt status.
- D. shorter maturity.

Answer: ([SHOW ANSWER](#)**)**

NEW QUESTION: 5

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

Answer: ([SHOW ANSWER](#)**)**

NEW QUESTION: 6

The term "collection float" is defined as the delay between the time the payor:

- A. mails the check and the payee receives the available funds.
- B. mails the check and the check is charged to the payor's account.
- C. mails the check and the payee deposits the check.
- D. prepares the check and the payee deposits the check.

Answer: A ([LEAVE A REPLY](#))

NEW QUESTION: 7

Which of the following is an important component of corporate governance?

- A. The existence of a matrix management structure
- B. The activities of independent outside auditors
- C. The level of compliance with GAAP
- D. The existence of a large number of institutional investors

Answer: B ([LEAVE A REPLY](#))

NEW QUESTION: 8

The year-end income statement for a company is presented in Table 1. The balance sheet is presented in Table 2.

Table 1		Table 2	
YEAR-END INCOME STATEMENT		BALANCE SHEET	
Revenues	\$300,000	Assets	
Cost of Goods Sold	(120,000)	Cash	\$10,000
Gross Profit	180,000	Accounts Receivable	10,000
Operating Expense	(60,000)	Inventory	20,000
Depreciation	(40,000)	Total Current Assets	40,000
Operating Profit	80,000	Equipment	180,000
Interest Expense	(40,000)	Total Assets	220,000
Net Income Before Taxes	40,000		
Taxes	(14,000)	Liabilities and Owners' Equity	
Net Income	26,000	Accounts Payable	\$30,000
		Total Current Liabilities	30,000
		Long-term Debt	150,000
		Total Liabilities	180,000
		Common Stock at Par	70,000
		Paid-in Capital	30,000
		Retained Earnings	(60,000)
		Total Owners' Equity	40,000
		Total Liabilities and Owners' Equity	220,000

What is the company's return on equity?

- A. 65%
- B. 37%
- C. 26%
- D. 80%

Answer: A ([LEAVE A REPLY](#))

NEW QUESTION: 9

Which of the following can be exercised only on the expiration date?

- A. Commodity swaps
- B. European options
- C. American options
- D. Basis swaps

Answer: B ([LEAVE A REPLY](#))

NEW QUESTION: 10

Company XYZ is in its first year of operations. The company culture is conservative, and it has \$500 million to invest in short-term investments. The company has a growth rate of 25% and is looking to issue an IPO in the near future. The investment manager is in the process of creating a short-term investment policy which must be approved by the board of directors. An item that should be included in the policy is:

- A. maximum dollar amount of mortgage-backed securities.
- B. internal controls for the enterprise resource planning system (ERP).
- C. methods of monitoring compliance with policies, procedures and internal controls.
- D. methods of monitoring compliance with the SEC.

Answer: C ([LEAVE A REPLY](#))

NEW QUESTION: 11

A company's credit agreements or loan covenants may require:

- A. risk management staff to work directly with underwriters to reduce commission payments.
- B. high deductible levels and risk retention in order to minimize premium payments.
- C. outsourcing of the claims approval and payment process to an insurance company.
- D. minimum ratings for insurance carriers.

Answer: D ([LEAVE A REPLY](#))

NEW QUESTION: 12

Which of the following are examples of covenants in loan agreements?

I. Financial ratios II. Corporate resolutions III. Borrower limitations IV. Borrower obligations

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

Answer: A ([LEAVE A REPLY](#))

NEW QUESTION: 13

A New York company wishes to use its treasury management system to send US funds to its London UK subsidiary. Which one of the following enables the same day settlement of funds transfer?

- A. Automated Clearing House
- B. Clearing House for Interbank Payment Systems
- C. Bankers Automated Clearing Service
- D. Correspondent accounts with the Federal Reserve

Answer: B ([LEAVE A REPLY](#))

NEW QUESTION: 14

Which of the following is an example of a passive investment strategy?

- A. Purchasing an interest rate swap
- B. Investing in overnight repurchase agreements
- C. Utilizing a dividend capture program
- D. Riding the yield curve

Answer: B ([LEAVE A REPLY](#))

NEW QUESTION: 15

On the basis of the data above,

Day	Receipts	Forecast	
Monday	\$150	\$150	
Tuesday	\$100	\$150	$a = .5$
Wednesday	\$115	\$125	

what is the forecast for Thursday's cash receipts, under the exponential smoothing method?

- A. \$130
- B. \$110
- C. \$122
- D. \$120

Answer: D ([LEAVE A REPLY](#))

NEW QUESTION: 16

A large multinational company recently implemented new processes to automate its treasury operations. If these changes were the direct result of comparing the company's practices with those of other companies, the activities could be considered an example of which of the following?

- I. Liquidating
- II. Re-engineering
- III. Benchmarking
- IV.

Forecasting

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

Answer: ([SHOW ANSWER](#)**)**

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NEW QUESTION: 17

Racklyn Paint Company, a new paint and construction company, has vendor payables of \$2 million due periodically over the next 3 months; payroll payable to its crews of \$500K each month; a mortgage of \$4.4 million with a fixed rate of 6.0%; and an equipment loan of \$5 million with a bank at a 30-day LIBOR plus 150 bp payment of \$100K due monthly. Racklyn receives their first contract valued at \$12 million with half of the contract value due at the time of contract and final payment upon completion. Racklyn expects the job to last 6 months. Which option would be the BEST use of Racklyn Paint Company's cash?

- A. Prepay a portion of the equipment loan to minimize interest rate risk.
- B. Pay current payables and invest any excess cash in a money market account earning 1.5%.
- C. Pay off the mortgage and invest remaining funds in a 6-month CD at 2.5%.
- D. Invest \$4 million in a CD at 2.5% for 3 months.

Answer: B ([LEAVE A REPLY](#))

Topic 5, Volume E

NEW QUESTION: 18

Determining that payments are made to vendors and suppliers based on credit terms is the responsibility of:

- A. the accounts receivable manager.
- B. the accounts payable manager.
- C. the cash manager.
- D. the risk manager.

Answer: B ([LEAVE A REPLY](#))

NEW QUESTION: 19

A company in a distressed financial condition may choose to use which of the following services to entice suppliers to continue to sell to it on open terms?

- A. Standby letter of credit
- B. Documentary collection
- C. Bankers' acceptance
- D. Corporate trust

Answer: A ([LEAVE A REPLY](#))

NEW QUESTION: 20

A lockbox system is characterized by which of the following?

- A. A large number of cash deposits
- B. Limited or no deposit information reporting
- C. Processing of documentary collections
- D. Relatively few collection points

Answer: [\(SHOW ANSWER\)](#)

NEW QUESTION: 21

A call option is said to be "in-the-money" when the market price of the underlying security is:

- A. lower than the strike price.
- B. higher than the strike price.
- C. same as the strike price minus premium.
- D. same as the strike price plus premium.

Answer: B [\(LEAVE A REPLY\)](#)

NEW QUESTION: 22

All treasury policies should be approved by:

- A. the board of directors.
- B. legal counsel.
- C. external auditors.
- D. the SEC.

Answer: A [\(LEAVE A REPLY\)](#)

NEW QUESTION: 23

XYZ Company is considering the purchase of a security that generates a tax equivalent yield of 10% and a tax exempt yield of 7.1%. What is XYZ's marginal investment tax rate?

- A. 61.0%
- B. 40.8%
- C. 29.0%
- D. 36.1%

Answer: C [\(LEAVE A REPLY\)](#)

NEW QUESTION: 24

The company's monthly credit sales are in Table 1.

Table 1

Month	Credit Sales
April	\$400,000
May	\$600,000
June	\$1,000,000
July	\$750,000

Table 2**Receivables Collection Pattern**

10% of sales are collected in the current month of the sale

25% of sales are collected one month after the sale

35% of sales are collected two months after the sale

20% of sales are collected three months after the sale

10% of sales are collected four months after the sale

The company's receivables collection pattern is in Table 2. If this company's accounts receivable on March 31 is \$0, what would the accounts receivable balance be at the end of July? Assume a 90-day quarter.

- A. \$845,000
- B. \$1,205,000
- C. \$1,545,000
- D. \$1,580,000

Answer: C ([LEAVE A REPLY](#))

NEW QUESTION: 25

A Treasury Management System (TMS) is used to:

- A. review bank availability schedules.
- B. translate EDI documents.
- C. open new bank accounts.
- D. obtain account balances.

Answer: D ([LEAVE A REPLY](#))

NEW QUESTION: 26

The MOST common way that companies structure their treasury operations is as a:

- A. shared service center.
- B. cost center.
- C. profit center.
- D. in-house bank.

Answer: B ([LEAVE A REPLY](#))

NEW QUESTION: 27

What is this firm's residual income?

Revenues: \$110,000

Expenses (including COGS and all taxes): \$87,000

Internal rate of return: 8.5%

Capital Investment: \$55,000

ROI: 8.0%

Cost of capital: 11%

- A. \$18,600
- B. \$16,950
- C. \$18,325
- D. \$16,500

Answer: ([SHOW ANSWER](#)**)**

NEW QUESTION: 28

A cash manager invests in Treasury bills for which of the following reasons?

- A. They offer the highest yield for overnight investing.
- B. The interest earned is exempt from federal taxes.
- C. They are extremely liquid.
- D. There is no price risk.

Answer: C ([LEAVE A REPLY](#))

NEW QUESTION: 29

Company ABC decides to outsource certain activities to an unrelated company and have that company assume the associated loss exposures. What loss control technique is Company ABC using?

- A. Separation of exposures
- B. Control of isolated losses
- C. Contractual transfer
- D. Risk retention group

Answer: ([SHOW ANSWER](#)**)**

NEW QUESTION: 30

Which function involves evaluating alternative projects in relation to one another and in relation to the company's cost structure?

- A. Financial risk management
- B. Financial planning
- C. Corporate forecasting
- D. Capital budgeting

Answer: D ([LEAVE A REPLY](#))

NEW QUESTION: 31

A high-yield, non-investment-grade security is commonly referred to as which of the following?

- A. An equity warrant
- B. A convertible bond
- C. A junk bond
- D. An industrial revenue bond

Answer: C ([LEAVE A REPLY](#))

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NEW QUESTION: 32

A nationwide retailer has been making EFT payments to its suppliers for several years. It will expand its processes to include consumer payments in its EFT initiative. Which of the following will support this initiative at the point-of-sale?

- A. Prearranged payment
- B. Consumer-to-business
- C. Paid-on-production
- D. Check truncation

Answer: D ([LEAVE A REPLY](#))

NEW QUESTION: 33

Based on the above information, before making the major acquisition, several large institutional shareholders have asked management to consider all of the following EXCEPT:

A large, mature, diversified, publicly traded company sells the smallest of its business segments to a strategic buyer for cash. It uses the proceeds to pay off all bank debt and subordinated debenture debt on its books. The company believes the stock is trading at a reasonable price and continues to pay a regular, steady dividend to shareholders. Management's strategy is to embark on an aggressive growth plan including a major acquisition.



- A. a stock dividend.
- B. a special dividend.
- C. a stock split.
- D. a stock repurchase.

Answer: C ([LEAVE A REPLY](#))

NEW QUESTION: 34

Which of the following is NOT a drawback to using ROI as a performance measure?

- A. It does not include a charge for cost of capital.
- B. It may be misleading when cash flows are not evenly distributed over time.
- C. It does not consider the profit generated by a project.
- D. It may lead to rejection of a positive NPV project.

Answer: C ([LEAVE A REPLY](#))

NEW QUESTION: 35

The credit risk in the settlement of a Fedwire is borne by the:

- A. receiving bank.
- B. sending company.
- C. receiving company.
- D. Federal Reserve.

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 36

A retail brokerage firm is MOST like which one of the following types of financial institutions?

- A. Insurance companies
- B. Investment banks
- C. Factoring companies
- D. Captive finance companies

Answer: B ([LEAVE A REPLY](#))

NEW QUESTION: 37

Company M operates a grocery distribution business on Main Street. As part of its business continuity plan, Company M intends to purchase insurance to cover the facility lease for its Main Street warehouse in the event it cannot operate for a period of time. What type of coverage should Company M purchase?

- A. Business interruption insurance

- B. General liability insurance
- C. Cost reimbursement insurance
- D. Fiduciary insurance

Answer: A ([LEAVE A REPLY](#))

NEW QUESTION: 38

Sign Company and Paint Company have a twenty-year business relationship, and they work together when sending and receiving payments. Sign Company also does a large amount of business with Brush Company, a subsidiary of Paint Company. Brush Company's Treasurer recently received a memo from the Treasurer of Paint Company reminding it that when dealing with vendors, extensive information is required when receiving or making ACH payments. What ACH payment format are Sign Company and Paint Company MOST LIKELY to use?

- A. CCD+
- B. CTX
- C. CCD
- D. EBPP

Answer: B ([LEAVE A REPLY](#))

NEW QUESTION: 39

Which of the following is a component of a company's operating budget?

- A. Long-term debt
- B. Capital investments
- C. Shareholders equity
- D. Accounts receivable

Answer: D ([LEAVE A REPLY](#))

NEW QUESTION: 40

What is the MOST appropriate rate used as the discount rate in calculating NPV?

- A. Internal transfer rate
- B. IRR
- C. Cost of debt
- D. Marginal cost of capital

Answer: D ([LEAVE A REPLY](#))

NEW QUESTION: 41

An employee is considering two investment strategies for his 401(k) plan:

Strategy #1: Invest all contributions in a money market fund that has returned 5% annually

Strategy #2: Invest all contributions in a stock fund that has returned 9% on average, although annual returns have varied between (2%) and 12%

Assuming that the employee makes a one-time investment of \$12,000 and that both strategies continue to perform as they have historically, how much more or less could the stock fund be worth after one year compared to the money market fund?

- A. Between (\$1,080) and \$1,080
- B. Between (\$480) and \$480
- C. Between (\$1,680) and \$1,680
- D. Between (\$840) and \$840

Answer: D ([LEAVE A REPLY](#))

NEW QUESTION: 42

Components of a field banking system include which of the following?

- I) Local bank
 - II) Concentration bank
 - III) Lockbox bank
- A. I and II only
 - B. II and III only
 - C. I, II, and III
 - D. I only

Answer: A ([LEAVE A REPLY](#))

NEW QUESTION: 43

A lender is evaluating the creditworthiness of a company that has high levels of operating leverage. In determining the debt capacity of the company, the bank would MOST LIKELY prefer a:

- A. low times interest earned ratio.
- B. high debt to tangible net worth ratio.
- C. low long-term debt to capital ratio.
- D. high total liabilities to total assets ratio.

Answer: C ([LEAVE A REPLY](#))

NEW QUESTION: 44

A company that has a nationwide workforce may use which of the following methods for disbursing payroll to minimize the number of bank accounts?

- I) Payable through draft
 - II) Multiple drawee checks
 - III) ACH credit transfers
- A. I and III only
 - B. II only
 - C. I only
 - D. II and III only

Answer: D ([LEAVE A REPLY](#))

NEW QUESTION: 45

Which of the following services allows a bank to match checks presented for payment against company check issuance data?

- A. High-order prefix
- B. Check inquiry
- C. Positive pay
- D. Payor bank services

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 46

ASC Topic 815 (FAS 133) is applicable when accounting for which of the following?

- A. Purchase of a forward
- B. Market value of collateral
- C. Purchase of a bond investment
- D. Gain on an equity investment

Answer: ([SHOW ANSWER](#))

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NEW QUESTION: 47

T-bill discount rate = 5.85% T-bill face value = \$100,000 Initial term = 90 days

If the U.S. Treasury was considering issuing a 91-day T-bill at the same time as this T-bill, what discount rate would cause both instruments to have the same purchase price?

- A. 5.87%
- B. 5.92%
- C. 5.79%
- D. 5.71%

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 48

During a company's cash flow analysis review it discovers that for every 10 new customers it gains, there is an increase of 2% in its float costs associated with the payment methods it offers. If the company pursues faster collection methods for payments, resulting in greater availability of

surplus cash with a correlating decrease in the need to issue commercial paper, what risk will the company mitigate?

- A. Liquidity
- B. Float
- C. Settlement
- D. Disbursement

Answer: [\(SHOW ANSWER\)](#)

NEW QUESTION: 49

Convertible securities consist of preferred stock and

- A. tracking stock.
- B. common stock.
- C. bonds.
- D. treasury stock.

Answer: C [\(LEAVE A REPLY\)](#)

NEW QUESTION: 50

In comparing the U.S. banking system and foreign banking systems, which of the following statements is true?

- A. Many foreign banking systems allow notional pooling and U.S. banks do not.
- B. Foreign banking systems are not permitted to own equity investments in corporations and U.S. banks are.
- C. Most foreign banking systems do not have central banks.
- D. Foreign banking systems typically have more financial institutions than the U.S.

Answer: A [\(LEAVE A REPLY\)](#)

NEW QUESTION: 51

Systemic risk can be caused by which of the following?

- A. Bankruptcy of an individual
- B. Failure of a community bank
- C. Failure of a money center bank
- D. Bankruptcy of an industrial company

Answer: C [\(LEAVE A REPLY\)](#)

NEW QUESTION: 52

The combination of difference in condition (DIC) insurance and umbrella insurance:

- A. provides payments to a company in the event it is unable to pursue a line of business due to an unforeseen event.
- B. replaces the coverage provided by basic property and liability insurance.
- C. supplements the coverage provided by basic property and liability insurance.
- D. transfers risk to a company's captive insurance subsidiary.

Answer: C ([LEAVE A REPLY](#))

NEW QUESTION: 53

XYZ Company has incurred a financially devastating event because of a hurricane at its offshore manufacturing plant. Due to the impact on liquidity, the company may not be able to survive. What should the Treasurer have done in order to assess the risk associated with this type of event?

- A. Purchase sufficient insurance
- B. Negotiate back-up lines of credit
- C. Develop a contingency funding plan
- D. Evaluate financial derivatives contract

Answer: C ([LEAVE A REPLY](#))

NEW QUESTION: 54

A major toy retailer operates 65 retail stores throughout the Midwest. Which of the following credit terms is MOST LIKELY to be offered to this company by its suppliers?

- A. Factoring
- B. Floor planning
- C. Letter of credit
- D. Seasonal dating

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 55

A company invests in a bond and then later agrees to sell the bond to a bank with the understanding that the company will buy the bond back at a later time. This is known as:

- A. factoring.
- B. syndication.
- C. reverse repurchase.
- D. securitization.

Answer: C ([LEAVE A REPLY](#))

NEW QUESTION: 56

The Public Company Accounting Oversight Board (PCAOB):

- A. oversees the auditors of public companies and protects investors' interests.
- B. sets guidelines used by auditors when performing audits of private companies.
- C. establishes standards for state and local governments.
- D. sets and publishes International Financial Reporting Standards.

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 57

A nationwide discount retailer is re-evaluating financing methods since the most-popular and most-expensive electronics "must-have" item for this year is set to ship from factories in China. Which of the following credit facilities would be MOST effective for the retailer to use?

- A. Asset-based credit line
- B. Commercial paper issuance
- C. Factoring
- D. Securitization

Answer: A ([LEAVE A REPLY](#))

NEW QUESTION: 58

All of the following are common consumer-to-corporate international payment mechanisms EXCEPT:

- A. debit cards.
- B. CHIPS.
- C. giros.
- D. smart cards.

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 59

A publicly held U.S. company has reported at the beginning of the year that it expects to increase shareholder value by 5%. The current expectations are for interest rates to remain steady with a decline in fourth quarter. Treasury policy requires that investments be 90 days or less and investment grade. How should the company invest excess cash to support this goal?

- A. Commercial paper
- B. 16-week U.S. Treasury bill
- C. High-yield bonds
- D. BB rated bond

Answer: A ([LEAVE A REPLY](#))

NEW QUESTION: 60

Which of the following can be used for monitoring accounts receivables?

- I. Aging schedule
- II. Credit terms
- III. Days' sales outstanding
- IV. Receivables balance pattern

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

Answer: D ([LEAVE A REPLY](#))

NEW QUESTION: 61

A supplier can improve invoicing float by:

- A. renegotiating credit terms.
- B. establishing a bank lockbox.
- C. factoring its receivables.
- D. shortening its order-entry process.

Answer: ([SHOW ANSWER](#))

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NEW QUESTION: 62

Transmission of a file of items presented for payment by the payor bank to the issuing company is known as:

- A. payor bank services.
- B. full reconciliation.
- C. reverse positive pay.
- D. positive pay.

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 63

What type of tax does a multinational auto manufacturer commonly pay in foreign countries at each stage of a vehicle's production?

- A. Withholding tax
- B. Asset tax
- C. Capital tax
- D. Value added tax

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 64

A telecommunications company receives a profit of \$587,542 from its cellular phone production unit in the year after investing \$962,870 in a new product line. What is the first year return on its original investment?

- A. 56%

- B. 64%
- C. 61%
- D. 58%

Answer: C ([LEAVE A REPLY](#))

NEW QUESTION: 65

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

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

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 66

Company A anticipates the following cash inflows and outflows for the next three months:

Item	Month 1	Month 2	Month 3
AP Disbursements	(\$25,000)	(\$45,000)	(\$65,000)
Settlement of Employee Strike	0	(\$250,000)	0
Collections from Existing Products	\$220,000	\$210,000	\$235,000
Payroll Disbursements	(\$32,000)	(\$34,000)	(\$33,000)
New Product Sales	0	\$15,000	\$25,000

If the company's treasurer is preparing a cash-flow projection for Month 2, and he is focusing purely on items that can be projected with a fair degree of certainty, what will the net projection be?

- A. (\$119,000)
- B. \$146,000
- C. (\$104,000)
- D. \$131,000

Answer: D ([LEAVE A REPLY](#))

NEW QUESTION: 67

Exhibit:

ABC Company	
Sales	10,000,000
Variable costs	5,000,000
Fixed costs	2,000,000
Operating profit	3,000,000
Interest payable	1,000,000
Taxes	800,000
Shares outstanding	1,000,000
Market price	\$10/share

What is the price to earnings ratio for Company ABC?

- A. 10.00
- B. 7.50
- C. 3.88
- D. 8.33

Answer: D ([LEAVE A REPLY](#))

NEW QUESTION: 68

A company is concerned that investor dissatisfaction could lead to a rapid change in its board membership. To prevent this, which of the following strategies should the company employ?

- A. Stagger the election of its directors.
- B. Grant shareowners preemptive rights for new shares.
- C. Allow shareowners to vote by proxy.
- D. Give shareowners cumulative voting rights.

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 69

Which of the following is a common method for assigning float on a check deposited to a non-US bank account?

- A. Proof of deposit
- B. Company sample
- C. Value dating
- D. Fractional availability

Answer: C ([LEAVE A REPLY](#))

NEW QUESTION: 70

On a statement of cash flow, which of the following items are considered sources of cash?

- I. Increase in short-term investments
- II. Net income

III. Increase in accounts payable

IV.

Decrease in long-term debt

A. I, III, and IV only

B. II and III only

C. II and IV only

D. I and III only

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 71

The controller is developing a financial plan that includes an operating budget and a financial budget. Which of the following statements is true?

A. The operating budget is developed to determine the staffing level needed for operations.

B. The two budgets do not have any impact on each other.

C. The financial budget is impacted by the company's sources and uses of cash.

D. The financial budget is used to determine the operating activity level the company can support.

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 72

A telecommunications company has decided to sell its call center hosting division. This is an example of what type of financial decision?

A. Investment

B. Capital structure

C. Financing

D. Accounting

Answer: A ([LEAVE A REPLY](#))

NEW QUESTION: 73

Treasury policies and procedures should include responsibilities for:

A. determining when dividends should be paid.

B. evaluating alternative capital projects.

C. key personnel in the treasury organization.

D. approving department salary increases.

Answer: C ([LEAVE A REPLY](#))

NEW QUESTION: 74

On the basis of the data above, what is the forecast for Thursday's cash receipts, under the exponential smoothing method?

Day	Receipts	Forecast	
Monday	\$150	\$150	
Tuesday	\$100	\$150	a = .5
Wednesday	\$125	\$125	

- A. \$120
- B. \$122
- C. \$130
- D. \$110

Answer: A ([LEAVE A REPLY](#))

NEW QUESTION: 75

Which of the following are reasons for companies to use controlled disbursement?

I.To obtain timely check presentment information II.To enhance supplier relationships III.To increase their available cash IV.To improve their overall creditworthiness

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

Answer: C ([LEAVE A REPLY](#))

NEW QUESTION: 76

A company is starting a project to redesign its cash management information systems. What would be an important tool in this effort?

- A. Treasury operations manual
- B. Cash application
- C. ERP software
- D. Treasury workstation

Answer: A ([LEAVE A REPLY](#))

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NEW QUESTION: 77

Company X, a US based multi-national, is exploring the option of locating a subsidiary in another country where there has been some historical risk of expropriation of local assets of foreign corporations. Therefore, as part of the risk assessment process the company must specifically quantify the:

- A. political risk.
- B. physical security risk.
- C. property risk.
- D. financial institution risk.

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 78

A firm's air conditioning unit breaks down unexpectedly and must be replaced immediately. What type of liquidity requirement is this an example of?

- A. Speculative
- B. Transaction
- C. Precautionary
- D. Opportunity

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 79

Financial risk management requires monitoring changes in which of the following?

- I. Interest rates
- II. Foreign exchange rates
- III. Commodity prices
- IV.

Cost of insurance

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

Answer: C ([LEAVE A REPLY](#))

NEW QUESTION: 80

Which of the following is NOT true for both bankers' acceptances and trade acceptances?

- A. They are both used to finance the shipment of goods.
- B. They both may be sold to an investor at a discount prior to maturity.
- C. They are both less expensive forms of financing than loans.

D. They both transfer the buyer's credit risk to a third party.

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 81

The Governmental Accounting Standards Board (GASB) is the authoritative standard-setting body for which of the following?

- A. Private universities
- B. Publicly traded companies
- C. Healthcare organizations
- D. Public works agencies

Answer: D ([LEAVE A REPLY](#))

NEW QUESTION: 82

Which of the following credit terms would be MOST appropriate for a seasonal product that a manufacturer wants to sell to a retailer during the product's off-season?

- A. 3/15, 2/30, net 45
- B. 2/10, net 30
- C. 2/10, net 120
- D. 2/10, prox 30

Answer: C ([LEAVE A REPLY](#))

NEW QUESTION: 83

With the advent of the euro, many U.S. companies have seen a reduction in their number of foreign currency transactions. As a result, these U.S. companies have benefited from which of the following?

- I) Reduced FX transaction costs
- II) Consolidated banking relationships
- III) Simplified exchange risk management
- IV) Reduced need to monitor foreign political climates

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

Answer: C ([LEAVE A REPLY](#))

NEW QUESTION: 84

The role of the depository bank in the check-clearing process is typically which of the following?

- A. To inspect the check for proper signature
- B. To encode the check amount on the MICR line
- C. To ensure that the check is not stale-dated
- D. To place a hold on the check until cleared

Answer: B ([LEAVE A REPLY](#))

NEW QUESTION: 85

All of the following are typical uses of a zero balance account EXCEPT:

- A. payroll.
- B. dividend payments.
- C. overnight investments.
- D. trade accounts payable.

Answer: C ([LEAVE A REPLY](#))

NEW QUESTION: 86

To arrive at the closing cash position, a cash manager must add the expected settlements in the collection and concentration accounts and deduct the projected disbursement totals from the:

- A. opening available balance.
- B. closing investment account balance.
- C. opening ledger balance.
- D. closing ledger balance.

Answer: A ([LEAVE A REPLY](#))

NEW QUESTION: 87

Treasury management systems and ERP systems allow companies to do all of the following EXCEPT:

- A. reduce redundant data entry errors.
- B. migrate external data into G/L infrastructure.
- C. reduce cash processing costs.
- D. increase productivity through seamless exchange of data.

Answer: C ([LEAVE A REPLY](#))

NEW QUESTION: 88

A company that has a nationwide workforce may use which of the following methods for disbursing payroll to minimize the number of bank accounts?

- I. Payable through draft
- II. Multiple drawee checks
- III. ACH credit transfers

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

Answer: D ([LEAVE A REPLY](#))

NEW QUESTION: 89

Check MICR line information includes which of the following?

I. Bank of deposit identification number II. Payee bank identification number III. Federal Reserve bank code IV. Payor's account number

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

Answer: (SHOW ANSWER)

NEW QUESTION: 90

If the Federal Reserve Board increased the discount rate, you would expect:

- A. long-term bonds to decrease more in price than short-term bonds.
- B. that there would be no effect on either long- or short-term bond prices.
- C. short-term bonds to decrease more in price than long-term bonds.
- D. long-term bonds to increase more in price than short-term bonds.

Answer: A (LEAVE A REPLY)

NEW QUESTION: 91

The delay between the time a check is deposited and the time the company's account is credited with collected funds is known as:

- A. collection float.
- B. mail float.
- C. processing float.
- D. availability float.

Answer: D (LEAVE A REPLY)

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NEW QUESTION: 92

After several internal discussions about treasury management systems (TMSes), ABC Company has determined that it has no need for customization but that it does want a backup for high priority capabilities. The company wants to reduce its IT costs and resources but still have IT

support with in-depth knowledge of the solutions available. These parameters will MOST LIKELY result in what kind of TMS?

- A. A hosted ASP TMS
- B. Development of its own TMS
- C. An ERP module TMS
- D. An integrated TMS

Answer: A ([LEAVE A REPLY](#))

NEW QUESTION: 93

When a subsidiary borrows money, the parent, sister subsidiary, or other entity is often used in order to:

- A. guarantee the obligations of the borrower.
- B. diversify the risk of the investment.
- C. prevent a covenant violation.
- D. increase the return of a security.

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 94

A wholesale lockbox system does which of the following?

- A. Requires standard scannable documents
- B. Processes small dollar remittances
- C. Relies on high speed automation
- D. Provides information about invoices

Answer: D ([LEAVE A REPLY](#))

NEW QUESTION: 95

The discount rate for a T-bill with a face value of \$200,000, 182 days to maturity, and a selling price of \$194,375 would be:

- A. 2.80%.
- B. 49.18%.
- C. 5.56%.
- D. 5.63%.

Answer: C ([LEAVE A REPLY](#))

NEW QUESTION: 96

In a partial reconciliation, a bank provides a company with which of the following?

- A. Listing of issued items
- B. Listing of paid items
- C. Electronic account analysis
- D. Listing of outstanding checks

Answer: B ([LEAVE A REPLY](#))

NEW QUESTION: 97

An assistant treasurer discovers that the CFO has been allowing other executives to exercise stock options during blackout periods. What will prevent the assistant treasurer from losing his/her job if he/she reports this discovery?

- A. Code of ethics
- B. Whistle-blower law
- C. Sarbanes-Oxley Act
- D. Investor Relations Policy

Answer: B ([LEAVE A REPLY](#))

NEW QUESTION: 98

XYZ Corporation is presently a short-term borrower and uses a revolving line of credit with an interest rate of 7%. The Treasurer would like to reduce interest expense and increase liquidity without renegotiating the line of credit. Which of the following projects should the Treasurer support in order to achieve this objective as quickly as possible?

- A. One large store is being remodeled. When complete, it should generate sufficient additional sales within one year to cover the capital expenditure and produce a positive return on investment.
- B. Store operations believes that an increase in inventory levels will raise sales as the corporation eventually becomes known for its wide selection.
- C. Purchasing is trying to extend terms from net 30 to net 60 with one of their primary vendors. The vendor will agree if XYZ concentrates purchases with them.
- D. Accounts receivable is spending capital to improve its collection system. With the faster collections that will result, it anticipates recovering the outflows over a two-year period.

Answer: C ([LEAVE A REPLY](#))

NEW QUESTION: 99

ABC company has a significant number of customers who are mainly consumers making monthly installment payments. Which one of the following types of lockbox would be the MOST appropriate for ABC to use?

- A. Retail
- B. Wholesale
- C. In-house
- D. Hybrid

Answer: A ([LEAVE A REPLY](#))

NEW QUESTION: 100

The owner of XYZ Company just completed an initial public offering. Which of the following is the MOST LIKELY outcome?

- A. The owner will gain more operational control.

- B. The company will save on accounting costs.
- C. The company will increase productivity.
- D. The owner will be able to diversify his personal portfolio.

Answer: D ([LEAVE A REPLY](#))

NEW QUESTION: 101

Which of the following is a regulation that is having a major impact on the treasury profession?

- A. Patriot Act
- B. Monetary Control Act
- C. Glass-Steagall Act
- D. Gramm-Leach-Bliley Act

Answer: ([SHOW ANSWER](#)**)**

NEW QUESTION: 102

A company has asked its marketing, payroll and sales teams to collaborate in finding a solution that could augment its customer base, reduce payroll cost and increase sales. The solution has to be market ready. Which of the following will serve all 3 purposes?

- A. Ghost cards
- B. PIN based cards
- C. Smart cards
- D. Stored value card

Answer: D ([LEAVE A REPLY](#))

NEW QUESTION: 103

A manufacturing company is working to improve its cash conversion cycle. Factory production has increased over the last year to increase inventory levels. They have an inventory turnover of 3.1 and asset turnover of 5.0. The company has a days' payable of 30 and a days' receivable of 60. It has started enforcing its net 30 terms and placed customers with balances outstanding more

than 45 days on credit hold. As a result, the company collected receivables quicker but it suffered a 10% loss in sales. What can the company do to reduce its cash conversion cycle?

- A. Revise credit policy to be more lenient.
- B. Pay vendors in advance.
- C. Extend payables deferral period.
- D. Decrease the days' payable.

Answer: C ([LEAVE A REPLY](#))

NEW QUESTION: 104

The "agency problem" refers to:

- A. management's use of a fiduciary agent for stockholders.
- B. a large and active institutional investor base acting on behalf of individual investors.

C. the internal audit function reporting to the audit committee of the board instead of to management.

D. stockholders who allow management to take actions that will benefit management.

Answer: D ([LEAVE A REPLY](#))

NEW QUESTION: 105

A treasurer is monitoring the yield curve through a service provider (like Reuters) and notices that it is moving from downward sloping to upward sloping. Based on this information, the treasurer should consider:

A. a variable rate long term facility.

B. a short-term borrowing facility.

C. a commercial paper program.

D. interest rate collars.

Answer: D ([LEAVE A REPLY](#))

NEW QUESTION: 106

RAL Industries is a manufacturing company that currently has locations in the United States and Latin America and has just completed an acquisition of a company located in Europe. As a result of the acquisition, they have a large number of financial service providers. In an effort to reduce the number of providers and services used globally, RAL has decided to develop a formal selection process to consolidate its many global banking services. In order to reduce the amount of time the selection process takes, determine which services providers can offer, and the number of providers involved in the process, what should RAL Industries issue?

A. Request for Information

B. Request for Participation

C. Request for Proposal

D. Request for Quote

Answer: A ([LEAVE A REPLY](#))

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NEW QUESTION: 107

Which of the following is considered a financing decision?

A. Allocating capital among different projects

- B. Issuing medium-term bonds or preferred stock
- C. Distributing or retaining current earnings
- D. Comparing risk and return of projects

Answer: B ([LEAVE A REPLY](#))

NEW QUESTION: 108

Which of the following are treasury management objectives?

- I) To meet obligations in a timely manner
 - II) To minimize holdings in non-earning cash balances
 - III) To monitor and assist in the control of financial risk
 - IV) To evaluate costs and benefits of capital projects
- A. II and IV only
 - B. I and III only
 - C. I, II, and III only
 - D. I, III, and IV only

Answer: ([SHOW ANSWER](#)**)**

NEW QUESTION: 109

A large multinational company recently implemented new processes to automate its treasury operations. If these changes were the direct result of comparing the company's practices with those of other companies, the activities could be considered an example of which of the following?

- I) Liquidating
 - II) Re-engineering
 - III) Benchmarking
 - IV) Forecasting
- A. I, II, and IV only
 - B. II and III only
 - C. I and III only
 - D. I, II, and III only

Answer: B ([LEAVE A REPLY](#))

NEW QUESTION: 110

The PRIMARY goal of treasury management is to use which of the following efficiently?

- A. Net income
- B. Equity
- C. Payment methods
- D. Cash

Answer: D ([LEAVE A REPLY](#))

NEW QUESTION: 111

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

Answer: D ([LEAVE A REPLY](#))

NEW QUESTION: 112

A small group of investors is purchasing a company using a large amount of debt. This group is intending to sell off pieces of the acquired company to other firms that it believes can take advantage of potential synergies. What is this type of a transaction more specifically known as?

- A. A leveraged buyout
- B. A merger
- C. An asset purchase
- D. An acquisition

Answer: ([SHOW ANSWER](#)**)**

NEW QUESTION: 113

A U.S. company that is expecting to receive a payment of C\$1,000,000 purchased a put option of C\$1,000,000 at a strike price of 1.75 C\$/US\$. Two days before the receipt of the payment, the spot rate is 1.85 C\$/US\$. To maximize its receipt of dollars, the company should do which of the following?

- A. Purchase a call option at 1.85.
- B. Purchase a spot contract at 1.85.
- C. Exercise its put option.
- D. Let the put option expire.

Answer: ([SHOW ANSWER](#)**)**

NEW QUESTION: 114

Which of the following forms of payment is covered by Regulation CC?

- A. Cash
- B. Check
- C. Credit card
- D. Debit card

Answer: ([SHOW ANSWER](#)**)**

NEW QUESTION: 115

Liquidity reserves for opportunistic requirements are typically maintained in the form of:

- A. working capital.

- B. short-term investments.
- C. long-term investments.
- D. short-term borrowing facilities.

Answer: B ([LEAVE A REPLY](#))

NEW QUESTION: 116

Subtracting dividends from net income available to common shareholders is reflected as a change to which of the following balance sheet items?

- A. Paid-in capital
- B. Treasury stock
- C. Retained earnings
- D. Common stock at par value

Answer: C ([LEAVE A REPLY](#))

NEW QUESTION: 117

Kensley Biscuit Company Ltd. decides to invest GBP125,000 in new packaging equipment to help it keep up with increased demand. As a result of this investment, the company's annual profit improves by GBP11,763. If Kensley's cost of capital is 8.25% and its corporate tax rate is 42%, what is its residual income (RI) from the investment?

- A. GBP842
- B. GBP1,451
- C. GBP970
- D. GBP11,763

Answer: B ([LEAVE A REPLY](#))

NEW QUESTION: 118

The treasury analyst at RST Corporation has been asked to forecast cash levels for the company's year-end balance sheet. The analyst has been given the following information:

Net income	\$125 million
Depreciation	\$14 million
Dividend payments	\$3 million
Change in A/R balance	\$(15 million)
Change in inventory balance	\$(7 million)
Change in payables balance	\$(12 million)
Fixed asset purchases	\$7 million
Note payment	\$100 million
Beginning cash balance	\$11 million

What should the analyst project as the upcoming year-end cash balance?

- A. \$39 million
- B. \$74 million

C. \$47 million

D. \$50 million

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 119

All of the following factors influence a company's decision to use electronic commerce EXCEPT:

A. increased accuracy.

B. increased inventory levels.

C. increased information flow.

D. redefined customer and supplier relationships.

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 120

If a company uses accrual accounting, deferred taxes are reported on which financial statement?

A. Income statement

B. Balance sheet

C. Statement of cash flows

D. Statement of changes in retained earnings

Answer: B ([LEAVE A REPLY](#))

NEW QUESTION: 121

Which of the following is true when a company purchases goods using trade credit from suppliers?

A. The supplier will charge interest to the buyer.

B. The buyer incurs no added cost if it pays on time.

C. The supplier places a lien on the goods sold until payment.

D. The buyer should record this as a long-term liability.

Answer: B ([LEAVE A REPLY](#))

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NEW QUESTION: 122

The cash manager for a company is creating a list of transactions that should be considered when determining the daily projected closing cash position. Which of the following transactions should be removed from the list?

- A. Future-dated wire transfers and disbursements
- B. Estimates of non-controlled disbursement account clearings
- C. Expected settlements in collection (lockbox)
- D. Controlled disbursement totals

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 123

The CFO of a growing company has decided that it would be prudent to insure the company against potential loss from dishonest acts of employees. The treasurer has been given the responsibility of selecting and negotiating the type and amount of protection required. After analyzing the overall risk to the company, the treasurer decides that the greatest exposure to this type of risk is within the cash management function of the company. The MOST appropriate type of protection would be:

- A. fidelity.
- B. blanket.
- C. crime.
- D. fiduciary.

Answer: A ([LEAVE A REPLY](#))

NEW QUESTION: 124

An auto manufacturing plant in Michigan has high scheduled demand for its product. If the company does not have a long-term contract for raw materials, what type of exposure could it face?

- A. Delivery
- B. Economic
- C. Credit
- D. Transaction

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 125

BEA Company has determined its breakeven dollar amount for concentrating remote funds is \$550.00. BEA Company has a daily earnings rate of 6% and gains one day of accelerated funds. If a wire costs BEA \$35.00 dollars, what is the cost of an electronic funds transfer for BEA Company?

- A. \$3.00
- B. \$4.00
- C. \$2.00
- D. \$1.00

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 126

A company's investment guidelines typically restrict all of the following EXCEPT:

- A. issuance of commercial paper.
- B. proportion of the portfolio invested in specific types of instruments.
- C. purchase of unrated securities.
- D. maturities of instruments that may be purchased.

Answer: A ([LEAVE A REPLY](#))

NEW QUESTION: 127

ABC Corporation receives images of paid check exception items from its bank and reviews them daily. What action should be taken on an item where the payee on the image does NOT match the data from ABC Corporation's accounts payable?

- A. ABC Company utilizes the holder in due course defense.
- B. Image remains stored on ABC Corporation's network for future customer inquiries.
- C. No-pay decision is communicated to the bank.
- D. Bank alerts payee that check is unmatched.

Answer: C ([LEAVE A REPLY](#))

NEW QUESTION: 128

The executive management of a utility company would like to determine if it would be more cost effective to hire a third-party provider to handle its bill processing functions, which are currently internally operated. What formal selection method should the company use to obtain proposed solutions and detailed pricing from potential vendors?

- A. Request for Proposal (RFP)
- B. Request for Information (RFI)
- C. Bidder's conference
- D. Public solicitation

Answer: A ([LEAVE A REPLY](#))

NEW QUESTION: 129

Which of the following is true of return on investment (ROI)?

- A. It is calculated as profit per dollar of invested capital.
- B. It may cause management to accept a project with positive NPV.
- C. It is commonly used to calculate after-tax profitability.
- D. It includes a charge for the cost of capital in a project.

Answer: A ([LEAVE A REPLY](#))

NEW QUESTION: 130

Company J is looking to perform an A/R cash analysis based on the following sales information:

December	January	February	March	April
\$140,000	\$150,000	\$160,000	\$125,000	\$200,000

60% of sales are collected within two months after sale. After three months, \$135,000 of January's sales were collected. What was the dollar amount of January's sales collected in April?

- A. \$135,000
- B. \$45,000
- C. \$15,000
- D. \$90,000

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 131

A company has six fraudulent checks clear its primary disbursement account for a total of \$7,652. The bank agrees to split the loss with the company to maintain a good relationship. As a condition of sharing the expense, the bank requires the company to establish positive pay on its disbursement accounts or have the company absorb the losses on future fraudulent payments. What type of risk financing technique is the bank using?

- A. Self-insurance
- B. Crime insurance
- C. Risk transfer
- D. Risk retention

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 132

A company invests all of its short-term excess cash in T-bills on a daily basis. To prevent delays in processing its outgoing wire transfers, the company may ask its cash management bank to establish a:

- A. net debit cap.
- B. daylight overdraft line.
- C. letter of credit.
- D. revolving line of credit.

Answer: B ([LEAVE A REPLY](#))

NEW QUESTION: 133

Loss exposures related to treasury management may include which of the following?

- A. Deterioration of investment principal
- B. PBGC violations
- C. Bank consolidations
- D. Excessive product recalls

Answer: A ([LEAVE A REPLY](#))

NEW QUESTION: 134

The PRIMARY objective of a corporation is to:

- A. maintain adequate liquidity.
- B. maximize value to shareholders.
- C. minimize the cost of capital.
- D. maximize cash inflows.

Answer: B ([LEAVE A REPLY](#))

NEW QUESTION: 135

An accountant is fired after reporting to the SEC that she witnessed the CFO inappropriately reduce expenses ahead of the quarterly earnings announcement. Which of the following would apply?

- A. The accountant is in violation of Section 404 of the Sarbanes-Oxley Act.
- B. The CFO is protected by the code of ethics.
- C. The accountant is protected by 'whistle-blower' laws.
- D. The CFO is liable for Bank Secrecy Act reporting.

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 136

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

Answer: ([SHOW ANSWER](#))

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NEW QUESTION: 137

For days' sales outstanding to be a meaningful method for evaluating the effectiveness of a company's receivable collections, it is usually compared to the:

- A. bad debt reserve.
- B. overall level of past due receivables.
- C. stated credit terms.
- D. accounts receivable turnover ratio.

Answer: C ([LEAVE A REPLY](#))

NEW QUESTION: 138

The Treasurer for XYZ Manufacturing, Inc. recently exchanged a portion of its euro holdings into U.S. dollars to purchase gas futures contracts. This was done in anticipation of an assumed rise in gas prices due to the continued weakening of the U.S. dollar. Which of the following types of risk is being mitigated?

- A. Sovereign
- B. Operational
- C. Foreign exchange
- D. Commodity price

Answer: D ([LEAVE A REPLY](#))

NEW QUESTION: 139

Which of the following contributes MOST to the marketability of a security?

- A. An irrevocable letter of credit guarantee
- B. A large, active secondary market
- C. An investment-grade rating
- D. A return at or above the yield curve

Answer: B ([LEAVE A REPLY](#))

NEW QUESTION: 140

The treasurer of a corporation is negotiating with one of his/her suppliers to allow the corporation to have 30 days to pay the supplier's invoices. The treasurer is arranging:

- A. revolving credit agreement.
- B. factoring of receivables.
- C. uncommitted line of credit.
- D. short-term financing.

Answer: ([SHOW ANSWER](#)**)**

NEW QUESTION: 141

A regional physicians' group is looking for an alternative to liability insurance to help protect against potential future liability claims. Which method would BEST serve its need to protect against catastrophic losses?

- A. Casualty insurance
- B. A risk retention group
- C. Self-insurance

D. Non-insurance

Answer: B ([LEAVE A REPLY](#))

NEW QUESTION: 142

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 the unused portion of the line -Interest rate on advances is 1-month LIBOR plus 4% -1-month LIBOR is currently 2%

What is the annual interest rate on the line of credit?

A. 6.0%

B. 9.3%

C. 9.0%

D. 6.2%

Answer: D ([LEAVE A REPLY](#))

NEW QUESTION: 143

A North American service company has autonomous offices in different geographic regions each handling their own sales and accounts receivables deposits to local banks which primarily consist of checks. By implementing a lockbox collection system, what objective in its collection policy would it have met?

A. Cost efficiency

B. Customer satisfaction

C. Segregation of duties

D. Payment float

Answer: A ([LEAVE A REPLY](#))

NEW QUESTION: 144

Which of the following techniques would MOST accurately predict a company's daily cash position?

A. Net income averaging

B. Moving averages

C. Receipts and disbursements forecasting

D. Capital budgeting

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 145

When considering Fedwire, ACH and CHIPS as 3 different payment systems, which of the following applies only to Fedwire?

A. Company sends request of transfer directly to its bank.

B. Each bank member funds an account maintained at the Fed.

C. Real-time intraday net settlement of transactions.

D. Settlement is final when receiving bank is notified of transfer.

Answer: D ([LEAVE A REPLY](#))

NEW QUESTION: 146

RAL Capital, a lean global financial service provider with revenues of \$8 billion, has 10 regional offices located around the world. The RAL global trading groups are structured as profit centers with each center having its own profitability targets. The group's clients consist of large multinational corporations and financial institutions that require the buying and selling of large amounts of currency. The Treasurer is considering reorganizing his department into a profit center. The group processes millions of transactions every year. What is a downside of this scenario?

- A. Pressure to produce significant profits may lead to deferred losses and inefficient operations.
- B. Substantial headcount is required to support a profit generation center.
- C. May become a viable candidate for downsizing or outsourcing.
- D. Need to decentralize treasury operations in order to make a profit center more viable.

Answer: A ([LEAVE A REPLY](#))

NEW QUESTION: 147

As a result of the Sarbanes-Oxley Act, what new entity was established to sanction firms and individuals for audit violations?

- A. The Public Company Accounting Oversight Board
- B. The Sarbanes-Oxley Review and Assessment Board
- C. The Auditing Review Board
- D. The Accounting Controls Advisory Board

Answer: A ([LEAVE A REPLY](#))

NEW QUESTION: 148

Which of the following is a true statement about operating leverage?

- A. The lower the company's fixed costs are, the higher its operating leverage.
- B. The higher the company's fixed costs are, the higher its operating leverage.
- C. The higher the company's fixed costs are, the lower its operating leverage.
- D. The higher the company's variable costs are, the higher its operating leverage.

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 149

A multinational corporation with many FSPs requires a TMS that can display extensive and complex information in an effective manner. The corporation will be looking for a TMS with what functionality?

- A. Bank administration
- B. Dashboards
- C. Modularity

D. Data integration

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 150

A manufacturing company is working to improve its cash conversion cycle. Factory production has increased over the last year to increase inventory levels. They have an inventory turnover of 3.1 and asset turnover of 5.0. The company has a days' payable of 30 and a days' receivable of 60. It has started enforcing its net 30 terms and placed customers with balances outstanding more than 45 days on credit hold. As a result, the company collected receivables quicker but it suffered a 10% loss in sales. What can the company do to reduce its cash conversion cycle?

- A. Revise credit policy to be more lenient.
- B. Decrease the days' payable.
- C. Extend payables deferral period.
- D. Pay vendors in advance.

Answer: C ([LEAVE A REPLY](#))

NEW QUESTION: 151

Which of the following companies would be MOST LIKELY to use a wholesale lockbox?

- A. A chemical company
- B. A cable television company
- C. A credit card company
- D. A mortgage company

Answer: A ([LEAVE A REPLY](#))

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NEW QUESTION: 152

Given the above information,

After a recent review of its insurance policies, a petroleum products company determines it needs to re-evaluate its risk exposure to potentially reduce its insurance premiums. The company has operated in two locations for 20 years but only produces and stores petroleum at one location. In doing so, the risk manager determines the following exposures:

- The number of employee workers compensation claims due to injuries while loading trucks has increased 25% in the past 12 months.
- The primary tank used for petroleum storage is 13 years old and standard life of tanks of this model is 20 years.
- There is only one road into the current petroleum storage facility.

if the risk manager adds a tank at its second facility, what loss control technique is being used?

- A. Catastrophic loss control
- B. Limiting contractual acceptance of risk
- C. Exposure avoidance
- D. Separation of exposures

Answer: D ([LEAVE A REPLY](#))

NEW QUESTION: 153

What is the primary weakness of a risk management policy that includes risk control without specifically providing a plan for risk financing?

- A. Funding must be set aside for self-insurance.
- B. There is an increase in the potential for claims of negligence.
- C. Resources are used to pay for losses that could have been prevented.
- D. Catastrophic losses could result in bankruptcy.

Answer: ([SHOW ANSWER](#)**)**

NEW QUESTION: 154

Due to a loss of proprietary information held for clients, ABC Company has been named in a billion dollar lawsuit. It was determined that the loss of information was due to a breach in its computer system firewalls by outside parties. When the lawsuit became public, the company experienced a steep drop in its stock price. This scenario is an example of what kind of risk?

- A. External theft/fraud
- B. Compliance
- C. Market
- D. Internal technology

Answer: ([SHOW ANSWER](#)**)**

NEW QUESTION: 155

Which agency implements monetary policy through purchases and sales of treasury securities?

- A. Federal Deposit Insurance Corporation

- B. Fannie Mae
- C. Office of the Comptroller of the Currency
- D. Federal Reserve

Answer: D ([LEAVE A REPLY](#))

Topic 2, Volume B

NEW QUESTION: 156

Financial ratios may provide an inaccurate forecast of a company's performance because they are:

- A. difficult to incorporate into statistical forecasting.
- B. economic rather than accounting values.
- C. sensitive to seasonal cash flows.
- D. based on snapshots of the company's activity.

Answer: ([SHOW ANSWER](#)**)**

NEW QUESTION: 157

Representations and warranties in a loan agreement refer to which of the following?

- A. The financial condition of the borrower during the term of the loan
- B. Violations of loan covenants and material adverse changes
- C. Limitations that restrict the borrower's activities to protect the lender
- D. Conditions at the time the agreement is executed

Answer: D ([LEAVE A REPLY](#))

NEW QUESTION: 158

Which of the following is a major objective of treasury management?

- A. Determine the corporation's primary financial institution.
- B. Maintain financial reporting compliance with GAAP.
- C. Maintain access to medium- and long-term financing alternatives.
- D. Determine the amount of float in the collection process.

Answer: C ([LEAVE A REPLY](#))

NEW QUESTION: 159

A treasurer has been advised that his privately held company has just lost its largest customer, which will have a significant impact on earnings. The treasurer applies an aggressive working capital strategy. Presently, the yield curve is upward sloping. Given this information, the treasurer should ensure that the company has:

- A. long-term non-committed lines.
- B. long-term committed lines.
- C. short-term committed lines.
- D. short-term non-committed lines.

Answer: C ([LEAVE A REPLY](#))

NEW QUESTION: 160

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. mortgage
- C. zero-coupon bond
- D. balloon payment

Answer: A ([LEAVE A REPLY](#))

NEW QUESTION: 161

A good credit rating has which of the following effects on debt?

- I. Improved marketability
- II. Decreased cost of funds
- III. Decreased maturity
- IV. Increased dealer fees

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

Answer: D ([LEAVE A REPLY](#))

NEW QUESTION: 162

XYZ Company is interested in issuing a bond to finance a new venture opportunity. The new venture is not expected to generate any cash flow for several years. Because of this, XYZ Company would prefer to issue a bond that does not require interest payments. What type of bond should XYZ Company issue?

- A. Municipal bond
- B. High-yield bond
- C. Zero-coupon bond
- D. Tender option bond

Answer: C ([LEAVE A REPLY](#))

NEW QUESTION: 163

All of the following items may be found on an income statement EXCEPT:

- A. taxes.
- B. cost of goods sold.
- C. interest expense.
- D. prepaid expenses.

Answer: D ([LEAVE A REPLY](#))

NEW QUESTION: 164

Compared to debt, which of the following statements is true about a company issuing equity?

- A. Its shareholders assume less risk than its creditors.
- B. The payment of dividends on common stock is a legal obligation.
- C. It is more expensive.
- D. The payment of interest on debt is not tax deductible.

Answer: C ([LEAVE A REPLY](#))

NEW QUESTION: 165

Which of the following is a tool that companies use to obtain a quantitative rating of a financial institution's level of service?

- A. Score card
- B. Relationship review
- C. CAMELS rating
- D. Service agreement

Answer: A ([LEAVE A REPLY](#))

NEW QUESTION: 166

A company plans to perform an A/R cash analysis based on the following sales information:

December	January	February	March	April
\$140,000	\$150,000	\$160,000	\$125,000	\$200,000

60% of sales are collected within two months after the sale. After three months, \$135,000 of January's sales has been collected. What was the percentage of January's sales collected in April?

- A. 10%
- B. 90%
- C. 30%
- D. 60%

Answer: C ([LEAVE A REPLY](#))

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NEW QUESTION: 167

ABC Company offers trade terms of 2/10 NET 30. For several reasons, ABC has decided to eliminate the requirement for a letter of credit from one of its customers. If ABC puts the customer on open book credit, what is the MOST LIKELY outcome?

- A. ABC's credit rating will suffer.
- B. ABC's working capital is unchanged.
- C. The customer's cost of borrowing will increase.
- D. The customer's working capital has deteriorated.

Answer: B ([LEAVE A REPLY](#))

NEW QUESTION: 168

Under Section 404 of the Sarbanes-Oxley Act, management must state its responsibility for which of the following?

- A. Knowledge of the penalties for noncompliance
- B. Accuracy and completeness of financial statements
- C. Establishment and maintenance of adequate internal controls for financial reporting
- D. Selection of auditors who are knowledgeable about Sarbanes-Oxley requirements

Answer: C ([LEAVE A REPLY](#))

NEW QUESTION: 169

Which of the following is indicative of a consolidated operation?

- A. Offshore financing
- B. Shared service center
- C. Transfer pricing agreements between subsidiaries
- D. Intracompany loans

Answer: B ([LEAVE A REPLY](#))

NEW QUESTION: 170

Which of the following is subject to translation exposure?

- A. A German company with a subsidiary in Spain
- B. A Spanish company with revenues in euros
- C. A Japanese subsidiary in the United States with U.S. dollar liabilities
- D. A U.K. company that exports goods to the United States

Answer: C ([LEAVE A REPLY](#))

NEW QUESTION: 171

A company seeking an insured investment would avoid investing surplus cash in a:

- A. commercial bank.
- B. mutual fund.
- C. credit union.
- D. savings and loan.

Answer: B ([LEAVE A REPLY](#))

NEW QUESTION: 172

Which of the following is an intangible asset?

- A. Patent on manufacturing equipment
- B. Paid-in-capital
- C. Prepaid supplies expense
- D. Cash value of life insurance

Answer: A ([LEAVE A REPLY](#))

NEW QUESTION: 173

Which of the following is an advantage of a centralized treasury function?

- A. Policy setting is determined by local offices.
- B. It optimizes risk and portfolio management.
- C. Regional offices are responsible for disbursements.
- D. It reduces subsidiary interaction.

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 174

Which of the following is an example of using cash forecasting for liquidity management?

- A. Assessing the degree of foreign currency exposure
- B. Scheduling investment maturities
- C. Determining a company's target capital structure
- D. Establishing an accounts receivable collection schedule

Answer: B ([LEAVE A REPLY](#))

NEW QUESTION: 175

The following information about a company is at the end of its fiscal year.

Assets	
Cash	\$1,000
Marketable Securities	\$3,000
Accounts Receivable	\$10,000
Inventory	\$6,500
Current Assets	\$20,500
Fixed Assets, Net	\$24,500
Total Assets	\$45,000
Liabilities and Owner's Equity	
Accounts Payable	\$15,000
Current Liabilities	\$15,000
Long-term Debt	\$20,000
Total Liabilities	\$35,000
Shareholders' Equity	\$10,000
Total Liabilities and Equity	\$45,000

The before-tax cost of long-term debt is 10% and the cost of equity is 12%. The marginal tax rate is 35%. The company's current ratio is:

- A. 0.59.

- B. 0.46.
- C. 0.93.
- D. 1.37.

Answer: D ([LEAVE A REPLY](#))

NEW QUESTION: 176

DGB Inc.'s CEO and founder retired shortly after the company went public two years ago. DGB Inc. has recently struggled, and the founder has agreed to return as an independent director. What violation, if any, has occurred?

- A. ERISA disclosure requirements have not been met.
- B. No violation has occurred.
- C. Section 404 of the Sarbanes-Oxley Act has been violated.
- D. The cooling-off period has not been met.

Answer: D ([LEAVE A REPLY](#))

NEW QUESTION: 177

Based on the above information,

A large, mature, diversified, publicly traded company sells the smallest of its business segments to a strategic buyer for cash. It uses the proceeds to pay off all bank debt and subordinated debenture debt on its books. The company also pays a regular steady dividend to shareholders. Management's short-term strategy is to embark on an aggressive growth plan including a major acquisition.

if the company uses the trade-off theory in considering its WACC, how will it finance its growth?

- A. By using long-term debt
- B. By using retained earnings
- C. By issuing Class A stock
- D. By issuing Class B stock

Answer: A ([LEAVE A REPLY](#))

NEW QUESTION: 178

A prearranged ACH payment normally includes which of the following?

- I) A fixed payment amount
- II) A provision for immediate availability
- III) A predetermined payment date

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

Answer: A ([LEAVE A REPLY](#))

NEW QUESTION: 179

The MICR encoding on a check provides all of the following information EXCEPT:

- A. the dollar amount of the check.
- B. the payee bank's institutional identification number.
- C. the payor's bank account number.
- D. the Fed district of the drawee bank.

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 180

Which of the following statements are true about the use of different discount rates for different types of projects?

- I.Low-risk, short-term projects may be evaluated by using a short-term opportunity cost.
- II.High-risk projects may be evaluated by using a discount rate that is greater than the company's normal opportunity cost.
- III.A short-term investment (or borrowing) rate may be used as the company's short-term discount rate.
- IV.The use of a lower discount rate for riskier projects forces riskier projects to earn higher rates of return.

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

Answer: B ([LEAVE A REPLY](#))

NEW QUESTION: 181

A cash manager is determining the threshold over which cash concentrations will be done by wire. An ACH transaction costs \$0.50. A wire costs \$12.00. Funds are available 2 days quicker by wire and the opportunity cost of funds is 5%. What threshold should the cash manager use?

- A. \$83,942
- B. \$87,600
- C. \$43,800
- D. \$41,975

Answer: ([SHOW ANSWER](#))

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NEW QUESTION: 182

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

Answer: A ([LEAVE A REPLY](#))

NEW QUESTION: 183

When a short-term loan is paid with a lump sum payment and the payment includes both interest and principal, the loan is often referred to as a:

- A. single payment note.
- B. commercial note.
- C. material payment note.
- D. balloon payment note.

Answer: A ([LEAVE A REPLY](#))

NEW QUESTION: 184

A portfolio manager purchases a floating rate mortgage backed security that would currently provide a 4% yield to the company. Since mortgage rates have been fluctuating significantly over the past month, the manager is thinking about entering into an interest rate swap to hedge against the rate movements. Although the manager would remove most of the price sensitivity of the asset by executing the swap, it would also lower the total yield on the investment due to swap costs. What objective in the company investment policy is guiding the portfolio manager's decision?

- A. Risk analysis
- B. Preservation of principal
- C. Risk/return trade off
- D. Performance measurement

Answer: C ([LEAVE A REPLY](#))

NEW QUESTION: 185

What government legislation holds the CEO of a public company personally liable for the information in financial reports?

- A. Sarbanes-Oxley Act
- B. Glass-Steagall Act

C. Gramm-Leach-Bliley Act

D. Securities Act of 1933

Answer: (SHOW ANSWER)

NEW QUESTION: 186

The delay between the time a lockbox site receives a check and the check is deposited is called:

A. processing float.

B. availability float.

C. mail float.

D. Fed float.

Answer: A (LEAVE A REPLY)

NEW QUESTION: 187

Which of the following statements is true about a forward foreign exchange contract?

A. It does not require an underlying commercial transaction because the contract trades on its own.

B. It is an exchange of currencies at the outset of a transaction at a fixed rate determined by the spot markets.

C. It specifies delivery of currencies at an exchange rate established today for a currency transaction that settles more than two days in the future.

D. It is a right to buy or sell foreign currency at a specified price within a fixed time period.

Answer: C (LEAVE A REPLY)

NEW QUESTION: 188

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

A. amortization schedules.

B. maturity dates of obligations.

C. cash flows at future points in time.

D. notional principal amounts.

Answer: C (LEAVE A REPLY)

NEW QUESTION: 189

Which of the following is NOT an operational risk?

A. Fidelity risk

B. Workers' compensation risk

C. Currency risk

D. Surety risk

Answer: C (LEAVE A REPLY)

NEW QUESTION: 190

A company has a \$300,000 credit line of which \$200,000 was the average amount outstanding for the year. The terms of the loan include a 1/2 of 1% commitment fee on the unused portion, an interest rate of 10%, and a compensating balance requirement of 2% of the total credit line. The company's compensating balances are funded from credit-line borrowings.

If the company negotiates to eliminate the compensating balance requirement and the average borrowings remain at \$200,000, the annual interest rate would be:

- A. 10.25%.
- B. 10.31%.
- C. 10.00%.
- D. 10.57%.

Answer: A ([LEAVE A REPLY](#))

NEW QUESTION: 191

When establishing a retail collection system that accepts consumer debit cards, a company must comply with which Federal Reserve regulation?

- A. Q
- B. CC
- C. E
- D. D

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 192

BEA Company has determined its breakeven dollar amount for concentrating remote funds is \$550.00. BEA Company has a daily earnings rate of 6% and gains one day of accelerated funds. If a wire costs BEA \$35.00 dollars, what is the cost of an electronic funds transfer for BEA Company?

- A. \$4.00
- B. \$3.00
- C. \$2.00
- D. \$1.00

Answer: C ([LEAVE A REPLY](#))

NEW QUESTION: 193

In the event of bankruptcy and the subsequent liquidation of issuer's debt, in what order, from first to last, will the following be repaid?

1.Senior secured debt 2.Senior subordinated debt 3.Junior secured debt 4.Junior debentures

- A. 2, 1, 4, 3
- B. 1, 3, 2, 4
- C. 1, 2, 3, 4
- D. 2, 1, 3, 4

Answer: B ([LEAVE A REPLY](#))

NEW QUESTION: 194

All of the following are discounted instruments EXCEPT:

- A. commercial paper.
- B. Treasury bills.
- C. banker's acceptance.
- D. preferred stock.

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 195

A United States corporation purchases finished products from a German subsidiary and sells raw materials to the subsidiary several times in one month. To minimize foreign exchange transaction costs, the U.S. corporation's cash manager would MOST LIKELY use:

- A. multilateral netting.
- B. bilateral netting.
- C. forward options.
- D. pooling.

Answer: B ([LEAVE A REPLY](#))

NEW QUESTION: 196

In analyzing the costs for services among several banks, a cash manager should compare all of the following EXCEPT the:

- A. reserve requirements.
- B. earnings credit rates.
- C. ledger balances.
- D. fee structures.

Answer: ([SHOW ANSWER](#))

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NEW QUESTION: 197

Bank A is to pay Bank B \$6,000,000 for 10 transactions that occurred throughout the day. Bank B is to pay Bank C \$8,000,000 for 13 transactions that occurred throughout the day. Bank B is to

pay Bank A \$5,000,000 for 17 transactions that occurred throughout the same day. These banks operate using a gross settlement system. How many transactions will occur between these banks to settle the payments?

- A. 3
- B. 30
- C. 40
- D. 2

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 198

A company transfers funds from its remote accounts by ACH with a one-day settlement and is notified of a same-day credit of \$100,000 in one of its accounts. A wire transfer costs \$27.75 incrementally. Assuming a 360-day year, which of the following is the minimum rate of interest that must be earned on these funds to justify the cost of a wire transfer?

- A. 8.00%
- B. 10.50%
- C. 9.25%
- D. 10.00%

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 199

A measure of the incremental impact of a company's investments on market capitalization is known as:

- A. working capital turnover.
- B. weighted average cost of capital.
- C. economic value added.
- D. return on equity.

Answer: C ([LEAVE A REPLY](#))

NEW QUESTION: 200

Which of the following statements is true about lockbox network systems?

- A. A bank or third party receives, processes, and deposits currency primarily.
- B. Local operating units receive funds over the counter and prepare deposits.
- C. A company processes and prepares its own deposits.
- D. Consolidated remittance data are generated from multiple collection points.

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 201

If the Federal Reserve wanted to stimulate a sluggish economy, it could do so by:

- A. increasing reserve requirements.
- B. increasing margin requirements.

- C. selling U.S. government securities in the open market.
- D. buying U.S. government securities in the open market.

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 202

A company is interested in lowering its overall banking costs, managing netting, pooling, re-invoicing, and centralizing FX exposure at headquarters. Which of the following options will accomplish this?

- A. In-house banking
- B. Company processing center
- C. Shared service center
- D. Automated clearing house

Answer: A ([LEAVE A REPLY](#))

NEW QUESTION: 203

What type of insurance provides payments to an organization if it is unable to continue operations for some period due to an unforeseen event?

- A. Casualty
- B. Business interruption
- C. Difference in conditions
- D. Property

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 204

The earnings allowance rate applied to collected balances is usually determined by which of the following rates?

- A. LIBOR
- B. 90-day T-bill
- C. Fed Funds
- D. Prime

Answer: B ([LEAVE A REPLY](#))

NEW QUESTION: 205

Which two of the following are optimal uses for short-term excess cash?

- I) Pay down credit lines.
- II) Make overnight investments.
- III) Repurchase stock.
- IV) Make capital expenditures.

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

D. II and III

Answer: C ([LEAVE A REPLY](#))

NEW QUESTION: 206

Which of the following functions is LEAST likely to be part of a cash manager's responsibilities?

- A. Long-term financing
- B. Funds movement
- C. Bank compensation
- D. Forecasting

Answer: A ([LEAVE A REPLY](#))

NEW QUESTION: 207

An asset-based lender has decided to provide a loan to a company. In order to perfect its security interest in the assets used as collateral with the potential borrower, the lender will be MOST interested in reviewing which of the following?

- A. Lien search findings
- B. Delinquency payment record
- C. Age of receivables
- D. Book value of inventory

Answer: A ([LEAVE A REPLY](#))

NEW QUESTION: 208

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 the unused portion of the line Interest rate on advances is 1-month LIBOR plus 4% 1-month LIBOR is currently 2%

What is the annual interest rate on the line of credit?

- A. 9.3%
- B. 6.2%
- C. 9.0%
- D. 6.0%

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 209

Which of the following is sought from a typical cash management services Request for Proposals (RFP)?

- A. CAMELS score
- B. Implementation team
- C. Pension funding status
- D. Asset investment strategy

Answer: B ([LEAVE A REPLY](#))

NEW QUESTION: 210

Which of the following is an example of a typical passive investment strategy?

- A. Executing a securities swap
- B. Using a dividend capture program
- C. Investing in overnight repos
- D. Riding the yield curve

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 211

Over the past 3 years XYZ Company has expanded into multiple countries and significantly grown its banking relationships. The company now incurs significant expenses related to payment transaction costs and maintaining multiple bank connections. What should the company use to combat these rising costs?

- A. SWIFT network
- B. Treasury workstation
- C. ACH network
- D. CHIPS network

Answer: ([SHOW ANSWER](#))

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NEW QUESTION: 212

The PRIMARY objective of the AFP Account Analysis Standard is to help cash managers in which of the following areas?

- A. Setting target balances
- B. Automating account analysis reporting
- C. Unbundling bank charges
- D. Comparing costs among banks

Answer: D ([LEAVE A REPLY](#))

NEW QUESTION: 213

A company's capital structure includes \$800,000,000 in total capital, of which \$200,000,000 comes from debt. The firm's after-tax cost of debt is 6%, and its cost of equity is 12%. The marginal tax rate is currently 40%. What is the company's weighted average cost of capital?

- A. 10.5%
- B. 10.3%
- C. 9.9%
- D. 10.8%

Answer: [\(SHOW ANSWER\)](#)

NEW QUESTION: 214

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

Answer: C [\(LEAVE A REPLY\)](#)

NEW QUESTION: 215

A public corporation may value a defined contribution plan highly because it:

- A. allows proxy voting in favor of management.
- B. shifts investment shortfall risk to employees.
- C. defines allowed investments within the plan.
- D. allows the corporation to capture plan investment surpluses.

Answer: B [\(LEAVE A REPLY\)](#)

NEW QUESTION: 216

A foreign company could raise capital in the United States using an:

- A. ADR.
- B. AVS.
- C. AR
- D. ASP.

Answer: A [\(LEAVE A REPLY\)](#)

NEW QUESTION: 217

A merchant, wanting to accept credit cards as payment method, will negotiate its fees with which of the following participants?

- A. Acquiring bank
- B. Issuing processor
- C. Network operator

D. Issuing bank

Answer: A ([LEAVE A REPLY](#))

NEW QUESTION: 218

The stock of a manufacturing company is priced so that its expected rate of return is below its required rate, as calculated by the Capital Asset Pricing Model (CAPM). Which of the following will occur in an efficient capital market?

- A. Buying pressure for the firm's stock will drive the price down.
- B. Selling pressure for the firm's stock will drive the price up.
- C. Selling pressure for the firm's stock will drive the price down.
- D. Buying pressure for the firm's stock will drive the price up.

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 219

Company A purchases materials on cash-before-delivery terms, while Company B uses paid-on-production terms. Both companies are diligent with the protection of assets, but Company B has concerns with respect to transfer of title of the materials. Company B is MOST LIKELY what type of business?

- A. Supplier
- B. Retailer
- C. Wholesaler
- D. Manufacturer

Answer: D ([LEAVE A REPLY](#))

NEW QUESTION: 220

In cash forecasting, which of the following is a certain cash flow?

- A. Interest payments on long-term debt
- B. Vendor check-clearing patterns
- C. New product sales
- D. Insurance claims pending settlement

Answer: A ([LEAVE A REPLY](#))

NEW QUESTION: 221

To acquire an asset without putting debt on the balance sheet, a company should consider which of the following arrangements?

- A. Capital lease
- B. Operating lease
- C. Financial lease
- D. Triple-net lease

Answer: B ([LEAVE A REPLY](#))

NEW QUESTION: 222

An investor concerned about taxes on dividend distributions will MOST LIKELY purchase stock on which of the following dates?

- A. Record date
- B. Declaration date
- C. Ex-dividend date
- D. Payment date

Answer: C ([LEAVE A REPLY](#))

NEW QUESTION: 223

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

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

Answer: B ([LEAVE A REPLY](#))

NEW QUESTION: 224

Which of the following is a ratio that is often used by commercial banks to measure a company's leverage and does not include the effect of assets that are difficult to value or are NOT easily converted to cash?

- A. Debt to tangible net worth
- B. Long-term debt to capital
- C. Total liabilities to total assets
- D. Cash flow to total debt

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 225

When a company creates future receivables and/or payables that are denominated in a currency other than its home or functional currency it is faced with:

- A. transaction exposure.
- B. translation exposure.
- C. futures risk exposure.
- D. economic exposure.

Answer: A ([LEAVE A REPLY](#))

NEW QUESTION: 226

Which of the following would be expected to happen on the ex-dividend date?

- A. The stock's volume increases.
- B. The stock is sold with the dividend attached.
- C. The stock price drops.

D. The stock's dividend is paid.

Answer: ([SHOW ANSWER](#))

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NEW QUESTION: 227

A company's accounts receivable balance pattern is shown in the first table. Credit sales are shown in the second table.

Remaining A/R as a % of Credit Sales

Current month	90%
After one month	75%
After two months	40%
After three months	25%
After four months	10%
After five months	0%

The credit sales are as follows:

Month	Credit Sales
March	\$250
April	\$300
May	\$200
June	\$200
July	\$250
August	\$300



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What is the cash inflow for the month of August?

- A. \$633
- B. \$213
- C. \$300

D. \$238

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 228

A company is experiencing the following long-term trend on a month-over-month basis:

- Sales are increasing by \$100,000, a 15% increase.
- Accounts receivable are increasing by \$5,000, a 1% increase.
- Accounts payable are increasing by \$20,000, a 4% increase.
- Labor expenses are increasing by \$40,000, a 3% increase.

With all other income, expenses, long-term assets and liabilities remaining stable, this trend would MOST LIKELY prompt what action by the company?

- A. Reducing labor costs
- B. Factoring accounts receivable
- C. Financing working capital requirements
- D. Repaying short-term debt

Answer: D ([LEAVE A REPLY](#))

NEW QUESTION: 229

Which of the following short-term instruments is used to finance the import or export of goods?

- A. Banker's acceptance
- B. Convertible bond
- C. Bill of lading
- D. Government warrant

Answer: A ([LEAVE A REPLY](#))

NEW QUESTION: 230

Which of the following global cash concentration methods would be MOST appropriate for a company with operations in the United States, Germany, Mexico, and Japan?

- A. Physical pooling
- B. National pooling
- C. Bank overlay structure
- D. Notional pooling

Answer: A ([LEAVE A REPLY](#))

NEW QUESTION: 231

XYZ Company is a net borrower. Its cost of funds is 5.0%, its earnings credit rate is 3.0%, and the reserve requirement is 10%. Average service fees are \$50,000 per month. Its average ledger balance is \$2,000,000, and its average collected balance is \$1,000,000. What are the collected balances required to pay for services during a 30-day month?

- A. \$20,277,778
- B. \$13,518,519

C. \$12,166,667

D. \$22,530,864

Answer: D ([LEAVE A REPLY](#))

NEW QUESTION: 232

Company ABC has expanded its banking relationships due to international growth. ABC cannot figure out why its collection float amongst its international customers is longer than its domestic customers. Additionally, ABC is incurring significant costs related to the receipt and processing of these customer payments. ABC is MOST LIKELY experiencing issues related to:

A. paper-based international payments.

B. international wire transfer.

C. SEPA credit transfer.

D. international bank consolidations.

Answer: A ([LEAVE A REPLY](#))

NEW QUESTION: 233

Which statement is true about private placements compared to public offerings?

A. They have lower interest rates.

B. They take more time to complete.

C. They reduce issuance costs.

D. They have more restrictive covenants.

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 234

A construction company just received a notification from its bank advising it of an altered dollar amount on a check. This notification is MOST LIKELY the result of:

A. the use of positive pay.

B. reverse positive pay.

C. the use of controlled disbursement.

D. automated reconciliation services.

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 235

Which of the following prohibits price discrimination among customers where cost differences do NOT exist?

A. Robinson Patman Act

B. Equal Credit Opportunity Act

C. Fair Credit Billing Act

D. Truth in Lending Act

Answer: A ([LEAVE A REPLY](#))

NEW QUESTION: 236

A company can use all of the following documents to establish a relationship with a bank EXCEPT:

- A. account analysis statements.
- B. account resolutions.
- C. service agreements.
- D. signature cards.

Answer: A ([LEAVE A REPLY](#))

NEW QUESTION: 237

Company A regularly modifies its capital structure by repurchasing stock. Which one of the following is a true statement?

- A. Stock repurchases do not offer tax deferral advantages over dividends.
- B. Partial disclosure to the SEC is required for repurchases.
- C. Stock repurchases are not an attractive alternative to dividend payments.
- D. Investors may feel that management is manipulating the stock price.

Answer: D ([LEAVE A REPLY](#))

NEW QUESTION: 238

A farmer who plans to sell his/her corn crop in three months would benefit MOST from which of the following?

- A. A short futures contract and rising prices
- B. A long futures contract and steady prices
- C. A long futures contract and falling prices
- D. A short futures contract and falling prices

Answer: D ([LEAVE A REPLY](#))

NEW QUESTION: 239

T-bill discount rate = 5.85%

T-bill face value = \$100,000

Initial term = 90 days

If the U.S. Treasury was considering issuing a 91-day T-bill at the same time as this T-bill, what discount rate would cause both instruments to have the same purchase price?

- A. 5.79%
- B. 5.92%
- C. 5.87%
- D. 5.71%

Answer: A ([LEAVE A REPLY](#))

NEW QUESTION: 240

Owners of a privately-held company have decided to sell the business, but are receiving

offers dramatically lower than what the firm is worth (as estimated by the owners). Which of the following options is the BEST way for management to establish the true value of their company?

- A. Increase the dividend payout ratio.
- B. Alter the capital structure by issuing more debt.
- C. Issue stock to the public through an IPO.
- D. Repurchase shares to elevate stock price.

Answer: C ([LEAVE A REPLY](#))

NEW QUESTION: 241

Which of the following situations is the best example of transaction exposure?

- A. A U.S. headquartered firm consolidates their foreign subsidiary's financial statements into their home currency.
- B. A company that purchases raw materials locally and sells its products in local markets recently encountered foreign competition.
- C. A multinational corporation uses balance sheet hedging to reduce net exposure of the parent company.
- D. A U.S. exporter sells merchandise to a French buyer and records a balance receivable with payment terms in euros due in three months.

Answer: ([SHOW ANSWER](#)**)**

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NEW QUESTION: 242

Regarding dividends, on which of the following dates would a company's current assets be reduced?

- A. Declaration date
- B. Payment date
- C. Ex-dividend date
- D. Record date

Answer: B ([LEAVE A REPLY](#))

NEW QUESTION: 243

Which of the following would increase if the Fed were to announce a reduction in reserve requirements?

- A. Average collected balances
- B. Fed float
- C. Monthly earnings credits
- D. Monthly service charges

Answer: C ([LEAVE A REPLY](#))

NEW QUESTION: 244

A prearranged ACH payment normally includes which of the following?

- I. A fixed payment amount
- II. A provision for immediate availability
- III. A predetermined payment date

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

Answer: A ([LEAVE A REPLY](#))

NEW QUESTION: 245

A currency swap is BEST described as an:

- A. immediate exchange of bank drafts.
- B. agreement to convert an obligation in one currency to another.
- C. agreement to deliver or purchase a currency in two days.
- D. option traded on a recognized exchange.

Answer: B ([LEAVE A REPLY](#))

NEW QUESTION: 246

A U.S. company has a secured committed line of credit of \$5.5 million and has an available balance of \$4 million. The company successfully transmitted a \$5.5 million wire transfer instruction out to the bank via SWIFT. 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 bank refused funding on the company's discretionary line of credit.
- B. Wires exceeding \$5 million cannot be transmitted using SWIFT.
- C. The company exceeded its compensating balance requirement.
- D. The bank imposed a guidance line of credit on the account.

Answer: D ([LEAVE A REPLY](#))

NEW QUESTION: 247

Which of the following MOST often contributes to the misinterpretation of DSO?

- A. Varying fiscal year-ends

- B. Sales patterns
- C. Weekends and holidays
- D. Size of the payment discount

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 248

A good credit rating has which of the following effects on debt?

- I) Improved marketability
- II) Decreased cost of funds
- III) Decreased maturity
- IV) Increased dealer fees

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

Answer: C ([LEAVE A REPLY](#))

NEW QUESTION: 249

A put option gives the holder the right to:

- A. sell short shares of the underlying stock at the strike price.
- B. buy long shares of the underlying stock at the strike price.
- C. sell the underlying stock at the strike price.
- D. buy the underlying stock at the strike price.

Answer: C ([LEAVE A REPLY](#))

NEW QUESTION: 250

Corporate governance for publicly traded U.S. companies includes:

- A. timely and complete submission of audited financial statements with the SEC.
- B. the structure and organization of executive management.
- C. the roles and responsibilities of independent directors.
- D. full compliance with local and state regulations.

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 251

A large multinational company with multiple autonomous operational entities is MOST LIKELY to operate.

- A. a centralized treasury structure.
- B. an in-house bank.
- C. a shared service center.
- D. a decentralized treasury structure.

Answer: D ([LEAVE A REPLY](#))

NEW QUESTION: 252

One reason for using a sale and lease-back arrangement in lease financing is to:

- A. create an infusion of cash into the company.
- B. eliminate off-balance sheet debt.
- C. benefit from tax advantages from depreciation.
- D. account for income or costs in one period.

Answer: A ([LEAVE A REPLY](#))

NEW QUESTION: 253

When projecting the closing cash position, a cash manager must estimate which of the following?

- A. Clearings on non-controlled disbursement accounts
- B. Lockbox receipts
- C. Checks in the process of collection
- D. ACH credits

Answer: A ([LEAVE A REPLY](#))

NEW QUESTION: 254

Which of the following would be true for a company with high operating leverage?

- A. It has high variable costs per unit sold.
- B. Its cost of goods sold does not increase as revenues increase.
- C. If revenues increase marginally, it can achieve a large percentage increase in profits.
- D. Its semi-variable costs do not have a fixed cost component.

Answer: C ([LEAVE A REPLY](#))

NEW QUESTION: 255

A company pays its vendors with the following methods:

2,600 checks, averaging \$1,000 each, issued on the 15th of the month
1,000 ACH payments, averaging \$2,000 each, on Wednesdays
500 ACH payments, averaging \$500 each, on the first Monday of the month
10 wires on the last day of the month for approximately \$260,000 each
If the company has a daylight overdraft agreement, which of the above presents the highest single-day credit risk for the bank if the company enters bankruptcy?

- A. The ACH payments issued on Wednesdays
- B. The ACH payments issued on the first Monday of the month
- C. The wires
- D. The checks

Answer: C ([LEAVE A REPLY](#))

NEW QUESTION: 256

A company has average monthly sales of \$2,700, of which 5 percent is on a cash basis,

with the remaining sold on open account. The company's accounts receivable aging schedule at the end of March is as follows:

Age of Accounts	Accounts Receivable
0-30 Days	\$1,950
31-60 Days	\$800
61-90 Days	\$550
91+ Days	\$125

What is the company's DSO?

- A. 40.06
- B. 39.32
- C. 41.39
- D. 38.06

Answer: C ([LEAVE A REPLY](#))

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NEW QUESTION: 257

Companies in the U.S. with a nationwide over-the-counter/field bank collection and concentration system often deal with:

- A. one major bank with corresponding relationships.
- B. few small financial institutions.
- C. one major banking institution with branch offices at all locations.
- D. many small financial institutions.

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 258

Which of the following is normally MORE significant for a corporation?

- A. Sarbanes-Oxley violations by employees
- B. Defalcation events by employees
- C. Firewall breaches by employees
- D. Unintentional actions by employees

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 259

A U.S. government agency issues securities transfers using Fedwire Book-Entry Securities System. The first transfer request of the day in the amount of \$1 million is sent at 1:00 p.m. EST, the second one for \$2 million at 3:30 p.m. EST, the third one for \$3 million at 4:30 p.m.

EST and the fourth one for \$4 million at 5:00 p.m. EST, all on the same day. Which of the following represents the total value transferred at 5:00 p.m. EST that day?

- A. \$10 million
- B. \$6 million
- C. \$1 million
- D. \$3 million

Answer: C ([LEAVE A REPLY](#))

NEW QUESTION: 260

The Treasury Manager of a privately held company is looking to finance new equipment that has a useful life of 5 years. What type of financing would the Treasury Manager MOST LIKELY employ to finance the equipment?

- A. Equity shares
- B. High-yield bond
- C. Long-term bond
- D. Installment term loan

Answer: D ([LEAVE A REPLY](#))

NEW QUESTION: 261

A U.S. government agency issues securities transfers using Fedwire Book-Entry Securities System. The first transfer request of the day in the amount of \$1 million is sent at 1:00 p.m. EST, the second one for \$2 million at 3:30 p.m. EST, the third one for \$3 million at 4:30 p.m. EST and the fourth one for \$4 million at 5:00 p.m. EST, all on the same day. Which of the following represents the total value transferred at 5:00 p.m. EST that day?

- A. \$10 million
- B. \$1 million
- C. \$3 million
- D. \$6 million

Answer: B ([LEAVE A REPLY](#))

NEW QUESTION: 262

Based on the following information, what is the required collected balance to cover all monthly service charges?

Deposit Float \$10,000

Reserve Requirement 5%

Earnings Credit Rate 15%

Monthly Service Charges\$6,000

Days in month30

A. \$512,281

B. \$308,222

C. \$486,667

D. \$456,000

Answer: A ([LEAVE A REPLY](#))

NEW QUESTION: 263

A company uses a dividend capture strategy to:

A. reduce default risk.

B. improve yield.

C. liquidate investments.

D. reduce interest expense.

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 264

A company purchases a machine tool with an expected life of 3 years. Under the accrual accounting method, the equipment would be treated in which of the following ways?

A. As a purchase, recorded as an operating expense in the current period

B. As an asset, recorded on the balance sheet at purchase price and amortized

C. As an asset, recorded on the balance sheet at acquisition cost and depreciated

D. As a purchase, netted against retained earnings

Answer: C ([LEAVE A REPLY](#))

NEW QUESTION: 265

LLZ Company manufactures metal detectors in California at a cost of \$9 per unit. The most expensive component to make is the sensor which goes in the finished product. The cost is \$5 per sensor. Last month LLZ acquired a company in Mexico that makes the sensors for \$1 per sensor. LLZ plans to move all sensor manufacturing operations to the factory in Mexico. What is the movement of this cost saving process called?

A. Offshoring

B. Outsourcing

C. Reengineering

D. Rationalizing

Answer: A ([LEAVE A REPLY](#))

NEW QUESTION: 266

A portfolio manager would like to purchase U.S. 50 million of 10-year notes 3 months from now, but has heard news that the Federal Reserve will start a purchasing program of longer term treasuries that will include 10-year notes. The purchase program would likely cause a lowering of

market interest rates. The manager would also like to avoid having to use margin on a daily basis. To remove the price risk that may be associated with the Federal Reserve purchasing program, the portfolio manager would MOST LIKELY enter into an:

- A. interest rate forward contract.
- B. interest rate collar.
- C. interest rate swap.
- D. interest rate futures contract.

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 267

A company's lockbox bank, which processes 24 hours per day, has a 6:00 P.M. ledger credit cutoff and grants same-day availability on checks drawn on Bank B that are received by 10:00 P.M. Which of the following ledger and collected credit postings would result from a Bank B check received at 11:00 P.M. on Tuesday?

- A. Ledger credit Wednesday, collected credit Wednesday
- B. Ledger credit Tuesday, collected credit Wednesday
- C. Ledger credit Wednesday, collected credit Thursday
- D. Ledger credit Tuesday, collected credit Thursday

Answer: C ([LEAVE A REPLY](#))

NEW QUESTION: 268

Which of the following is considered an important factor when selecting a financial service provider?

- A. Country of origin
- B. Expertise of bank personnel
- C. CAMELS score
- D. Timely response to the RFP

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 269

A privately held company is planning to issue an IPO. If the company decides to do so, which of the following will MOST LIKELY result?

- A. Decreased liquidity for the company's stock
- B. Decreased reporting and disclosure costs for company
- C. Increased ability to determine company value
- D. Increased managerial flexibility for owners of the company

Answer: C ([LEAVE A REPLY](#))

NEW QUESTION: 270

Which of the following ACH formats is commonly used for consumer payments such as deposits of payroll?

- A. TXP
- B. PPD
- C. CCD
- D. CTX

Answer: B ([LEAVE A REPLY](#))

NEW QUESTION: 271

Treasury uses which of the following internal sources of information in its daily operations?

- A. Sales and purchasing summaries
- B. Information technology budgets
- C. Marketing reports
- D. Product development plans

Answer: A ([LEAVE A REPLY](#))

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NEW QUESTION: 272

Which of the following industries is MOST LIKELY to use a sophisticated cash concentration system with multiple banks as part of its cash management system?

- A. Retail
- B. Telecommunications
- C. Payroll service
- D. Automotive

Answer: A ([LEAVE A REPLY](#))

NEW QUESTION: 273

Which of the following is a disadvantage of e-commerce?

- A. Reduced accounts receivable cycle
- B. Reduced collection float
- C. Reduced inventory cycle
- D. Reduced disbursement float

Answer: D ([LEAVE A REPLY](#))

NEW QUESTION: 274

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

Answer: B ([LEAVE A REPLY](#))

NEW QUESTION: 275

A major toy retailer operates 65 stores throughout the Midwest. Which of the following collection methods is MOST LIKELY to be used by this company?

- A. Preauthorized debit
- B. Direct deposit
- C. Field deposit
- D. Wholesale lockbox

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 276

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

- A. a credit manager.
- B. a controller.
- C. an internal auditor.
- D. a treasurer.

Answer: A ([LEAVE A REPLY](#))

NEW QUESTION: 277

Which of the following cash concentration transfers is MOST LIKELY to result in a bank ledger overdraft?

- A. A DTC of current day's lockbox deposits
- B. A wire transfer of prior day's balances
- C. An ACH transfer of one-day available funds
- D. An ACH transfer of anticipated deposits

Answer: D ([LEAVE A REPLY](#))

NEW QUESTION: 278

A company hires an investment firm to fully underwrite a new stock issuance. Which of the parties carries the MOST risk?

- A. The company
- B. The public
- C. The company's bond holders

D. The investment firm

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 279

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

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

Answer: A ([LEAVE A REPLY](#))

NEW QUESTION: 280

Which of the following can be considered key responsibilities of daily cash management?

- I) Overseeing compensation for bank services
- II) Management of short-term borrowing and investing
- III) Projecting future cash shortages and surpluses

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

Answer: D ([LEAVE A REPLY](#))

NEW QUESTION: 281

On the basis of the information above, what level of net collected balances is necessary to compensate a bank for \$1.00 worth of services?

Earnings credit rate:	8.50%
Reserve requirement:	10%
Month:	December
Year:	365 days

- A. \$159
- B. \$154
- C. \$157
- D. \$126

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 282

Which of the following fundamental factors involved in determining an operational risk management strategy is most affected by the new corporate governance standards and "whistle-blower" laws?

- A. Culture
- B. Reporting

- C. Technology
- D. Procedures

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 283

One of the PRIMARY ways the Fed addresses systemic risk is by:

- A. assigning passwords and PINs to identify authorized users of its Fedwire system.
- B. setting minimum reserve requirements for its member banks.
- C. setting daylight overdraft limits for its member banks.
- D. establishing intra-day credit limits for ACH originators.

Answer: C ([LEAVE A REPLY](#))

NEW QUESTION: 284

The time between the payor's mailing of a check and the payee's receipt of usable funds is known as:

- A. processing float.
- B. availability float.
- C. collection float.
- D. mail float.

Answer: C ([LEAVE A REPLY](#))

NEW QUESTION: 285

Which of the following activities creates administrative costs associated with a concentration system?

- A. Reviewing positive pay exception reports
- B. Scheduling cash transfers
- C. Monitoring short-term investments
- D. Centralizing the check issuance process

Answer: B ([LEAVE A REPLY](#))

NEW QUESTION: 286

Company XYZ is a manufacturer of industrial equipment and has enjoyed a large percentage increase in profits from a small increase in revenues. Sales recently plummeted resulting in steep decline in profitability. Which of the following BEST describes the cost structure of the company?

- A. High financial leverage
- B. High operating leverage
- C. Low contribution margin
- D. Low variable costs

Answer: ([SHOW ANSWER](#))

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NEW QUESTION: 287

Which of the following is the appropriate strategy to use for an active portfolio manager who is faced with an upward sloping yield curve?

- A. Purchase a security maturing when the funds are needed
- B. Purchase a security and hold to maturity
- C. Purchase a security maturing before the funds are needed
- D. Purchase a security and sell before maturity

Answer: D ([LEAVE A REPLY](#))

NEW QUESTION: 288

A company has selected a specific project for investment. If the weighted average cost of capital (WACC) used to evaluate the project results in a negative net present value (NPV), which of the following will occur?

- A. The overall value of the company will not be impacted.
- B. The overall value of the company will be reduced.
- C. The overall value of the company will be increased.
- D. The WACC will be reduced.

Answer: ([SHOW ANSWER](#)**)**

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