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NEW QUESTION: 1

Which of the following statements is true about futures contracts?

- A. They are marked-to-market on a daily basis.
- B. They can be created for any asset over any period of time and for any amount.
- C. Their margin requirements are normally 50%.
- D. Their losses are limited to the initial investment divided by the margin requirement.

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

NEW QUESTION: 2

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

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

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

NEW QUESTION: 3

A company with a relatively poor credit rating borrows most of its funds with short maturities. They may want to change its exposure to interest rates to more correctly reflect the long-term nature of the projects it is funding. Or, they may believe that long-term interest rates are going to rise, causing it to seek protection against the impact of higher interest rates on its balance sheet. Which of the following would be a solution?

- A. Forward contract
- B. Futures contract
- C. Interest rate swap
- D. Currency option

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

NEW QUESTION: 4

Banks often control information flow, records and assets, therefore it is critical that banks have:

- A. controlled disbursement procedures.
- B. timetables for service implementation.
- C. backup systems and disaster recovery procedures.
- D. standard formats for electronic submission.

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

NEW QUESTION: 5

A company has a line of credit and a bond trustee agreement with a bank. To prevent a decline in the company's bond rating from having a negative impact on the company's line of credit, the bank should have which of the following in place?

- A. Code of conduct
- B. Notional barrier
- C. Risk profile
- D. Confidentiality agreement

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 6

Convertible securities consist of preferred stock and

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

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

NEW QUESTION: 7

A retail chain with 500 locations throughout the United States would use which of the following systems?

- A. A company processing center; deposits to nearby bank(s)
- B. A wholesale lockbox with multiple deposit points
- C. Over-the-counter collections in numerous locations; deposits to field banks
- D. A retail lockbox with multiple deposit points

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 8

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

- A. Ex-dividend date
- B. Declaration date

C. Payment date

D. Record date

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

NEW QUESTION: 9

Which of the following should NOT be a consideration when setting an optimal dividend policy?

A. Target capital structure

B. Short-term profit projection

C. Ability to raise other forms of capital

D. Long-term need for capital expansion

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

NEW QUESTION: 10

A commercial paper issuer who repays investors earlier in the day than it receives funds from new investors often creates which of the following?

A. Disbursement float

B. Dual balances

C. Collected overdraft

D. Daylight overdraft

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 11

Which of the following is an example of a Eurobond?

A. A bond that is denominated in Japanese Yen, issued in the U.K. by a U.S. company.

B. A bond that is denominated in U.S. dollars, issued in a European market by a U.S. company.

C. A bond that is denominated in euros, issued in France by a French company.

D. A bond that is denominated in euros, issued in the U.S. by a German company.

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

NEW QUESTION: 12

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

A. Purchase of a bond investment

B. Market value of collateral

C. Gain on an equity investment

D. Purchase of a forward

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 13

In this situation, the net earnings credit amount for the month would show:

Average ledger balance	\$1,000,000
Average deposit float	\$150,000
Earnings credit rate	6%
Average monthly service charges	\$2,400
Reserve requirement	10%

Assume a 30-day month and a 360-day year.

- A. a deficiency of \$1,725.
- B. an excess of \$2,100.
- C. an excess of \$1,425.
- D. an excess of \$1,850.

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

NEW QUESTION: 14

Companies implement EDI in order to realize which of the following benefits?

I. Decreased error rates II. Decreased order lead time III. Improved productivity IV. Improved cash forecasting

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

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

NEW QUESTION: 15

A residential mortgage company that wants to collect monthly payments from customers electronically via the ACH would initiate:

- A. CCD credits.
- B. PPD credits.
- C. PPD debits.
- D. CCD debits.

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

NEW QUESTION: 16

U.S. dollar-denominated instruments issued by foreign banks through their domestic branches are known as:

- A. Yankee CDs.
- B. banker's acceptances.
- C. Eurocommercial paper.
- D. Eurodollar CDs.

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

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NEW QUESTION: 17

The Treasurer at Worldwide Industries is concerned that its retail lockbox provider, Bank A, is not PCI DSS-compliant. Bank A processes 500,000 checks per month for Worldwide Industries. Worldwide Industries uses a third-party provider, Pay Point, for their credit card payments and funds are wired daily to Worldwide's depository account at Bank A.

What should the Treasurer do?

- A. Issue an RFP and search for a lockbox provider that is PCI DSS-compliant.
- B. Take no action as Bank A would not be required to be PCI DSS-compliant.
- C. Stop accepting credit card payments since Bank A is not PCI DSS-compliant.
- D. Notify all customers that pay by credit card that Bank A is not PCI DSS-compliant.

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

NEW QUESTION: 18

Company XYZ's government relations team has done a poor job in maintaining and nurturing its relationship with the local government. Because of new business ventures it is pursuing, the company needs a method that will help it monitor and collect international accounts receivables between subsidiaries. What technique is more suited given its situation?

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

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

NEW QUESTION: 19

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

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

NEW QUESTION: 20

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

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 21

From a buyer's perspective, which of the following types of float would be eliminated if checks were replaced by electronic payment methods?

- A. Lockbox
- B. Collection
- C. Disbursement
- D. Invoicing

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

NEW QUESTION: 22

A treasurer's role in budgeting is primarily to do which of the following?

- A. Monitor foreign exchange risk.
- B. Analyze project profitability.
- C. Manage shareholder equity.
- D. Manage short term assets and liabilities.

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 23

All of the following are examples of treasury management system transactions for liquidity management EXCEPT:

- A. loan draw-downs.
- B. loan paydowns.
- C. FX transactions.

D. investment sales.

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 24

In terms of capital structure, lease financing normally has the same effect as:

- A. borrowing.
- B. investing.
- C. capitalizing.
- D. lending.

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

NEW QUESTION: 25

What does a company with a restrictive current asset investment strategy typically have?

- A. High inventory levels
- B. Low accounts receivable balances
- C. High financing costs
- D. Low tax liabilities

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

NEW QUESTION: 26

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

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

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 27

In evaluating alternative capital investments, a company should consider qualitative factors such as:

- A. projected cash flows.
- B. estimated costs.
- C. corporate strategy.
- D. estimated economic returns.

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 28

A U.S. company is selling product for US\$10,000 to a Canadian company with payment in Canadian dollars. The exchange rate has been booked at C\$1.45/US \$1 for payment

upon delivery in 15 days. The Canadian dollar is forecasted to weaken within this period. This is an example of A.

- A. spot transaction at a premium.
- B. spot transaction at a discount.
- C. forward transaction at a discount.
- D. forward transaction at a premium.

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

NEW QUESTION: 29

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

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

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 30

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

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

NEW QUESTION: 31

A manufacturing company selling engines and other mechanical equipment, with invoices averaging \$15,000, would use which of the following systems?

- A. Over-the-counter collections in numerous locations; deposits to field banks
- B. A retail lockbox with multiple deposit points
- C. A wholesale lockbox with multiple deposit points
- D. A company processing center; deposits to nearby bank(s)

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

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NEW QUESTION: 32

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

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

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

NEW QUESTION: 33

A company has multiple wholly-owned subsidiaries that issue their own checks which are signed by head office staff. The company decides to move to electronic payments using their bank's internet-based payment systems to reduce costs. Payments are now initiated by the subsidiaries. What element of the payment policy should be considered if the company still wants to maintain head office control over payments?

- A. Risk mitigation
- B. Roles and responsibilities
- C. Performance measurement and reporting
- D. Objectives and scope

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

NEW QUESTION: 34

Which of the following can be related to a company's stock price?

- A. Residual Income
- B. Return on Investment
- C. Economic Value Added
- D. Operating Profit

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

NEW QUESTION: 35

Who has responsibility for final approval of treasury policies that have a significant impact on the organization?

- A. The treasurer
- B. The chief financial officer
- C. The board of directors
- D. The audit committee

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

NEW QUESTION: 36

Which of the following would MOST directly affect a company's dividend policy?

- A. Cost of capital
- B. A loan covenant
- C. The clientele effect
- D. Stock price

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

NEW QUESTION: 37

Which of the following investment instruments would provide a company with the greatest liquidity and least risk?

- A. Treasury bill
- B. Certificate of participation
- C. Certificate of deposit
- D. Commercial paper

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

NEW QUESTION: 38

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: 39

Simplifying upgrades and system restoration, access from multiple remote locations, and interfacing with multiple applications are all reasons to:

- A. outsource IT.
- B. use 128-bit encryption.
- C. replace workstations annually.
- D. use the internet.

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 40

Securities sold by companies in an initial public offering (IPO) are:

- A. debt securities sold on the open market.
- B. securities sold by a private company to a limited number of investors.
- C. public securities sold by a private company for the first time.
- D. a specific type of security sold by a public company for the first time.

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 41

Which of the following services allows a single account to be used by a company with multiple units?

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

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

NEW QUESTION: 42

The time between receipt of a mailed payment and the deposit of the payment in the payee's account is known as:

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

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

NEW QUESTION: 43

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

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

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

NEW QUESTION: 44

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

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

NEW QUESTION: 45

True statements about the open account method of trade payment include which of the following?

- I) A bank guarantees payment.
- II) It is the most common type of trade credit.
- III) A periodic credit review of each customer is required.
- IV) The customer makes equal monthly payments.

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

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 46

A company expects the U.S. dollar to depreciate in value compared to the British pound. The company will have a British pound payment to make in five months. The company would MOST LIKELY buy:

- A. a British pound put.
- B. a U.S. dollar put.
- C. a U.S. dollar call.
- D. a British pound call.

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

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NEW QUESTION: 47

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

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

NEW QUESTION: 48

Major Manufacturing Inc. (MMI) is a manufacturer of customized restaurant equipment. MMI's supplier relations policy is to take advantage of trade discounts, when available. All suppliers offer payment terms of 1/10, net 30. MMI invoices customers at the end of its 30-day manufacturing cycle. Which of the following is the correct chronological sequence of the events listed?

1. Customer invoice is sent.
2. Supplier payment is sent.
3. Customer payment is received.
4. Order is shipped.
5. Customer order is received.
6. Supplier order is placed.

- A. 6, 5, 4, 2, 1, 3
- B. 5, 6, 2, 4, 1, 3
- C. 5, 6, 4, 2, 3, 1
- D. 6, 5, 2, 4, 3, 1

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

NEW QUESTION: 49

Which of the following institutions would be regulated by the Office of the Comptroller of the Currency (OCC)?

- A. Regency Bank Holding Company
- B. Regency National Bank
- C. Regency Federal Credit Union
- D. Regency Savings and Loan

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

NEW QUESTION: 50

Company ABC has undergone substantial system enhancements in order to take advantage of B2B efficiencies. To encourage its trading partners, ABC has offered a 1.5% discount to those who allow ABC to debit their bank account electronically on the day the product is delivered. The greater number of trading partners who agree to this arrangement, the greater improvement Company ABC will see in its:

- A. cash turnover ratio.
- B. days' payables.
- C. days' inventory.
- D. cash flow to total debt.

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

NEW QUESTION: 51

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

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

NEW QUESTION: 52

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

- A. short-term investments.
- B. working capital.
- C. short-term borrowing facilities.
- D. long-term investments.

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

NEW QUESTION: 53

The first step in the financial institution and financial services provider (FSP) selection process should be:

- A. identifying the critical product or service specifications.
- B. establishing a grading mechanism.
- C. selecting a pool of available candidates.
- D. evaluating the cost of switching providers.

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

NEW QUESTION: 54

Which of the following is a KEY operational advantage of short-term debt?

- A. It improves the current ratio for debt covenant and compliance purposes.
- B. It improves the overall liquidity position and reduces risk.
- C. It reduces the risk of interest rate fluctuation and lowers interest expense.
- D. It can be arranged quickly and easily.

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

NEW QUESTION: 55

An employer wishing to reduce operating income volatility would MOST LIKELY offer what type of retirement option to its employees?

- A. Retirement bonus plan
- B. Defined contribution plan
- C. Defined benefit plan
- D. Cash balance plan

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 56

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

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

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

NEW QUESTION: 57

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

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

NEW QUESTION: 58

ABC Company is a national retail company and uses XYZ Bank for its collections and payroll services. XYZ has recently experienced financial problems; what is the greatest risk to ABC Company?

- A. Deterioration of service quality
- B. Increase in service fees
- C. Loss of assets
- D. Damage to their working relationship

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

NEW QUESTION: 59

Contingency plans often focus on the business supply chain, ensuring that customer service is maintained. The financial supply chain, which is equally critical to the plan, should address:

- A. supplier linkages.
- B. working capital management.
- C. purchasing systems.
- D. production resources.

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

NEW QUESTION: 60

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

Answer: B (LEAVE A REPLY)

NEW QUESTION: 61

JMW Company processes its consumer payments using a lockbox provider. On average 35% of its remittance advices contain encoding errors. JMW Company's cost for the lockbox provider to process these payments will be least impacted if it uses:

- A. retail lockbox.
- B. hybrid lockbox.
- C. wholesale lockbox.
- D. direct lockbox.

Answer: B (LEAVE A REPLY)

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NEW QUESTION: 62

The assistant treasurer of a company uses variance analysis comparing actual cash flows with projected cash flows and finds actual is less than forecasted. Which of the following would cause this variance?

- A. Weighted average cost of capital
- B. Capital budget forecast
- C. Pro forma income statement
- D. Delayed accounts receivable collection

Answer: (SHOW ANSWER)

NEW QUESTION: 63

In developing treasury policies and procedures, which activity requires key controls to be in place?

- A. Revenue recognition

- B. Debt management
- C. Tax management
- D. Materials loss prevention

Answer: B (LEAVE A REPLY)

NEW QUESTION: 64

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 operating leverage
- B. High financial leverage
- C. Low contribution margin
- D. Low variable costs

Answer: A (LEAVE A REPLY)

NEW QUESTION: 65

The before-tax cost of long-term debt is 10% and the cost of equity is 12%.

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

The marginal tax rate is 35%. The company's weighted average cost of capital is:

- A. 10.6%.
- B. 6.3%.
- C. 11.3%.
- D. 8.3%.

Answer: D (LEAVE A REPLY)

NEW QUESTION: 66

An international company would establish a re-invoicing center for which of the following reasons?

- A. To bring transaction exposures more closely in line with economic exposures

- B. To take advantage of interest-bearing demand deposits
- C. To reduce its international balance reporting charges
- D. To manage the foreign exchange exposure of its foreign subsidiaries

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 67

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

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

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

NEW QUESTION: 68

The Treasurer of PJB Company is in charge of implementing new treasury management software. Without issuing any RFPs, the Treasurer hires a consulting company to install the software and program it to suit the company's needs. The Treasurer is responsible for approving the consultant's invoices for payment. Through conversation, the CFO discovered that the Treasurer's relative is one of the partners at the consulting company. The Treasurer was immediately terminated. What did the Treasurer MOST LIKELY violate?

- A. Treasury operations procedures
- B. The corporate code of conduct
- C. Sarbanes-Oxley controls
- D. The Uniform Commercial Code

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

NEW QUESTION: 69

The PRIMARY difference between money market instruments and capital market instruments is that capital market instruments are securities that are:

- A. generally more liquid.
- B. less than a one-year maturity.
- C. issued by lenders with credit ratings.
- D. long-term in nature.

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 70

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

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 71

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

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

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

NEW QUESTION: 72

XYZ Corporation's current ledger balance of the controlled disbursement account is \$1,286,500. Based on the information in the table,

1-Day Float	\$473,523
2-Day Float	\$212,977
Checks presented today	\$473,256
Checks presentment tomorrow	\$378,271
Maturing investments tomorrow	\$2,000,000

what will the corporation's available balance be at the end of today?

- A. \$434,706
- B. \$1,748,473
- C. \$126,744
- D. \$(251,527)

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

NEW QUESTION: 73

An L/C in favor of a U.S. exporter is issued by a bank in an emerging-market country, and it is confirmed by the exporter's bank. What risk is reduced for the U.S. exporter?

- A. Credit risk
- B. Currency risk
- C. Valuation risk
- D. Re-investment risk

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

NEW QUESTION: 74

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. If the company determines that positive pay is too expensive and decides NOT to implement it, what type of risk financing technique is the company using?

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

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 75

To strengthen outside auditor independence with regard to publicly held companies, the Sarbanes-Oxley Act requires that:

- A. companies change accounting firms for audit services at least every seven years.
- B. accounting firms supply audit work papers annually to the SEC for their clients.
- C. the lead audit partner and audit review partner be rotated every five years.
- D. employment of staff from companies' accounting firms be approved in advance by the audit committees.

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

NEW QUESTION: 76

A-Plus Company has made arrangements for a new insurance broker to provide products to its employees. Historically, A-Plus Company's employees made insurance payments via payroll deduction, but the new broker will be collecting payments from employees directly. What will the broker MOST LIKELY use to minimize collection float?

- A. RCK
- B. CCD
- C. PPD
- D. ARC

Answer: ([SHOW ANSWER](#))

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NEW QUESTION: 77

The historic rate of return in the U.S. stock market is 8%. An investment portfolio has a mix of equity investments consisting of 40% A-Corp stock, 30% K-Corp stock, 10% M-Corp stock and 20% W-Corp stock. The investment portfolio manager tends to buy and hold the equity investment position for 3 years on average. To calculate the required rate of return for this investment portfolio, what rate from the table would be used as the risk-free rate?

Discount Rate	0.75%
Fed Funds Rate	0.25%
3-mo. Treasury Bill	0.10%
10-yr Treasury Note	3.30%
30-yr Treasury Bond	4.50%
A-Corp beta	1.50
K-Corp beta	0.60
M-Corp beta	2.10
W-Corp beta	1.35

- A. 0.10%
- B. 3.30%
- C. 4.50%
- D. 0.75%

Answer: A (LEAVE A REPLY)

NEW QUESTION: 78

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

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

Answer: D (LEAVE A REPLY)

NEW QUESTION: 79

An electronics manufacturer is attempting to protect itself from financial losses due to projected high warranty claims costs for one of its technically complex products. What kind of assessment should the company perform to determine the appropriate external insurance coverage that would protect it from the claims?

- A. Avoidance
- B. Exposure
- C. Quantitative
- D. Insurability

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

NEW QUESTION: 80

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

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

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

NEW QUESTION: 81

A customer buys a laptop for \$850 and a CD for \$13. Only items with sale price of \$15 and greater are subject to value added tax (VAT). Assuming VAT of 8.5%, how much tax does the customer incur at the point of sale?

- A. \$73.36
- B. \$72.25
- C. \$922.25
- D. \$722.25

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

NEW QUESTION: 82

An increase in the availability float on a company's collections would cause a reduction in which of the following?

- I) Earnings credit
- II) Ledger balance
- III) Service charges
- IV) Collected balance

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

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

NEW QUESTION: 83

Which of the following statements is true about threshold concentration?

- A. Balances are transferred to the concentration bank after reaching a predetermined level.
- B. Balances are set and funds above that level are transferred to the concentration bank.
- C. Wire transfers are initiated on the basis of deposit information.
- D. Daily transfers are often needed to maintain balances at the desired level.

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

NEW QUESTION: 84

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. Financing working capital requirements
- C. Repaying short-term debt
- D. Factoring accounts receivable

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

NEW QUESTION: 85

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

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 86

Whether through an active or passive decision by management, a risk management policy of control without financing results in:

- A. risk transfer.
- B. risk avoidance.
- C. risk retention.
- D. risk indemnification.

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

NEW QUESTION: 87

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

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

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

NEW QUESTION: 88

A corporation is considering utilizing ACH transactions for its large value transfers, as opposed to wire transfers. Which of the following would MOST LIKELY deter the corporation from implementing this change?

- A. ACH transactions are more expensive.
- B. The risk of fraud is greater.
- C. The corporation has a low credit rating.
- D. Trading partners may not accept ACH.

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

NEW QUESTION: 89

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

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

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

NEW QUESTION: 90

The year-end income statement and balance sheet accounts for a company as of December 31, Year 1 are shown in the Exhibit.

If no changes occurred in the current asset and current liability account balances from the beginning of the period, except for cash, what was the net cash flow from operations for Year 1?

- A. \$400,000
- B. \$350,000
- C. \$365,000
- D. \$390,000

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 91

When estimating the cost of capital, which of the following financial resources would probably NOT be included in the cost of capital calculation?

- A. Long-term debt
- B. Common stock
- C. Short-term debt
- D. Preferred stock

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

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NEW QUESTION: 92

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

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

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 93

The use of debt to finance a company is called:

- A. cost of debt.
- B. risk-adjusted cost.
- C. financial leverage.
- D. borrowing cost.

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

NEW QUESTION: 94

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

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

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

NEW QUESTION: 95

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

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

NEW QUESTION: 96

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. EBPP
- C. CTX
- D. CCD+

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

NEW QUESTION: 97

Which of the following is responsible for liquidating the assets of failed financial institutions?

- A. The Federal Deposit Insurance Corporation (FDIC)
- B. The Federal Reserve Board (FRB)
- C. The Office of the Comptroller of the Currency (OCC)
- D. The Bank Insurance Fund (BIF)

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

NEW QUESTION: 98

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

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

NEW QUESTION: 99

In a large company, the person who normally oversees both the treasury and the accounting functions is the:

- A. chief operations officer.

- B. treasurer.
- C. controller.
- D. chief financial officer.

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

NEW QUESTION: 100

Which of the following is one of the PRIMARY considerations when establishing treasury policies and procedures?

- A. Personnel management
- B. Cost avoidance
- C. Compliance
- D. Consequential damages

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

NEW QUESTION: 101

When using the Internet to access auction markets, companies may use certificate authorities to reduce their exposure to which of the following types of risk?

- A. Foreign exchange
- B. Counterparty
- C. Valuation
- D. Credit

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

NEW QUESTION: 102

A merchant has a chargeback rate of 0.03% on average daily sales of \$200,000. After switching to a new merchant acquirer that is a bank, the merchant sees the rate increase to 0.05% or \$10,000. The merchant's analysis reveals that the bank maintains its data warehouse in another country where the system network is routinely hacked. What act or standard is being violated?

- A. Foreign Corrupt Practices Act
- B. Bank Secrecy Act
- C. Money Laundering Control Act
- D. Payment Card Industry Data Security Standard

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

NEW QUESTION: 103

Establishing the authority to open bank accounts is the responsibility of:

- A. the board of directors.
- B. the CFO.
- C. the treasurer.
- D. the board of governors.

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 104

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: ([SHOW ANSWER](#))

NEW QUESTION: 105

Company A is a large public company with annual revenue of \$1.2 billion and high fixed costs. Its stock is listed on the New York Stock Exchange. Company B is a mid-sized company with annual revenue of \$100 million and low fixed costs. Its stock is listed on the NASDAQ. Which of the following statements is MOST LIKELY to be true when comparing Company A and Company B?

- A. Company A has greater reporting requirements and less marketable stock than Company B.
- B. Company B has greater reporting requirements and less marketable stock than Company A.
- C. Company A has greater reporting requirements and more marketable stock than Company B.
- D. Company B has greater reporting requirements and more marketable stock than Company A.

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

NEW QUESTION: 106

Financial statement preparation guidelines are provided by:

- A. FDIC.
- B. FASB.
- C. FATF.
- D. FOMC.

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

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NEW QUESTION: 107

While revising the investment policy, the CFO performs a sensitivity analysis for the company's cash flow from investments, and identifies that increasing the maximum dollar value for bond

purchases will improve returns by 10% on average, all other variables being equal. What issue will the CFO now need to address in the investment policy?

- A. Exception management
- B. Valuation of investments
- C. Internal and external controls
- D. Performance management and reporting

Answer: D (LEAVE A REPLY)

NEW QUESTION: 108

A large U.S. based multinational corporation favors use of intra-company loans to repatriate funds from its foreign subsidiaries in order to take advantage of the favorable tax treatment of loans. In those countries which restrict repayment of intra-company loans the corporation may need to:

- A. pay licensing fees to the host government.
- B. hire a multinational bank to act as an intermediary.
- C. conduct the repayment at "arm's length".
- D. negotiate repayment with the host government.

Answer: B (LEAVE A REPLY)

NEW QUESTION: 109

Which of the following is NOT one of the three goals of a disbursement system?

- A. Centralize payments
- B. Information access
- C. Bank relationship management
- D. Fraud prevention

Answer: (SHOW ANSWER)

NEW QUESTION: 110

The lockbox receipt records for one 30-day month are provided below. The opportunity costs are 10%.

Batch Week	Total Dollars	Calendar Days of Float
1	\$20,000	3
2	\$10,000	4
3	\$5,000	4
4	\$15,000	2

What is the annual cost of float rounded to the nearest dollar?

- A. \$417
- B. \$385
- C. \$167
- D. \$500

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

NEW QUESTION: 111

If a company does not have cash available to make an interest payment on a bond, the company is experiencing difficulty with its:

- A. capital structure.
- B. liquidity management.
- C. asset-liability management.
- D. profitability.

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

NEW QUESTION: 112

Which of the following is an example of a qualitative factor used in making credit decisions?

- A. Capital
- B. Character
- C. Capacity
- D. Collateral

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

NEW QUESTION: 113

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: ([SHOW ANSWER](#))

NEW QUESTION: 114

A trader of ABC Bank executed and audited his own trades. Assigning these two functions to the same person introduced which one of the following risks to the bank?

- A. Currency risk
- B. Derivatives risk
- C. Regulatory risk
- D. Operational risk

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

NEW QUESTION: 115

Exhibit:

Average ledger balance	\$1,400,000
Bank float	\$300,000
Service charges	\$4,000
Reserve requirement	10%
Earnings credit rate	7%

If a company had the above activity at a bank for the previous month (a 31-day month), the bank was overcompensated by approximately:

- A. \$1,605.
- B. \$1,886.
- C. \$5,886.
- D. \$3,491.

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

NEW QUESTION: 116

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: 117

Which of the following are KEY issues to be considered when establishing a shared service center (SSC)?

- I) Selecting the location
- II) Comparing an SSC structure to outsourcing of a process
- III) Choosing and implementing the technology for SSC
- IV) Choosing the collection bank

- A. II, III, and IV only
- B. II and IV only

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

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

NEW QUESTION: 118

The Treasurer of a publicly-traded U.S. company discovers several large payments which were made from the company's disbursement account without proper approval. These unauthorized payments represent an exposure to penalties imposed by which regulator?

- A. The Office of Foreign Assets Control
- B. The Public Company Accounting Oversight Board
- C. The Office of the Comptroller of the Currency
- D. The Financial Industry Regulatory Authority

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 119

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

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

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

NEW QUESTION: 120

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

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

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

NEW QUESTION: 121

A small import/export company, XYZ Company, has recently set up an account with a German firm. The contract between the companies states that XYZ is to be paid as soon as all documents are in order showing that the transaction terms have been met. Which of the following forms of payment drafts would be MOST appropriate for XYZ?

- A. Preauthorized
- B. Sight
- C. Payable through
- D. Time

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

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NEW QUESTION: 122

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

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 123

Which of the following would be MOST suitable for a risk-averse electronics manufacturer that uses copper in many of its components?

- A. A costless collar using options on copper futures
- B. A short position in copper futures
- C. A put option on copper futures
- D. A floor option on copper futures

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 124

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

- A. Moving averages
- B. Net income averaging
- C. Capital budgeting
- D. Receipts and disbursements forecasting

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

NEW QUESTION: 125

An internal auditor discovers that employees can enter and approve their own wire transfers. This practice violates what internal control?

- A. Proper authorization of investment transactions
- B. Accurate reporting of cash transactions
- C. Appropriate monitoring of covenant compliance
- D. Adequate segregation of duties

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

NEW QUESTION: 126

On which exchange is a company's stock traded on the over-the-counter market?

- A. FINRA
- B. NASDAQ
- C. AMEX
- D. NYSE

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

NEW QUESTION: 127

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

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

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

NEW QUESTION: 128

A properly designed concentration system will potentially achieve which of the following results?

- I) Increased authority to field offices
- II) Increased investment income
- III) Improved ability to take discounts
- IV) Reduced dependence on third-party concentration vendors

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

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

NEW QUESTION: 129

A UK based manufacturer has a subsidiary in Belgium and a manufacturing plant in Italy. The subsidiary wants to sell its products in Sweden. How would the UK parent best structure the movement of funds within the organization to optimize management of working capital while ensuring recourse?

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

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

NEW QUESTION: 130

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

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

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

NEW QUESTION: 131

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. 61%
- B. 64%
- C. 56%
- D. 58%

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

NEW QUESTION: 132

A company has a high value for its current ratio. What does this suggest in terms of liquidity and risk?

- A. Weak liquidity position and relatively high risk
- B. Weak liquidity position and relatively low risk
- C. Strong liquidity position and relatively high risk
- D. Strong liquidity position and relatively low risk

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

NEW QUESTION: 133

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

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

NEW QUESTION: 134

A company with a relatively poor credit rating borrows most of its funds with short maturities. They may want to change its exposure to interest rates to more correctly reflect the long-term nature of the projects it is funding. Or, they may believe that long-term interest rates are going to rise, causing it to seek protection against the impact of higher interest rates on its balance sheet. Which of the following would be a solution?

- A. Forward contract
- B. Currency option
- C. Interest rate swap
- D. Futures contract

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 135

A company can dispute any check alterations within how many days after the bank statement has been sent?

- A. 30 days
- B. 180 days
- C. 90 days
- D. 60 days

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 136

A currency swap is BEST described as an:

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

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

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NEW QUESTION: 137

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

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

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

NEW QUESTION: 138

A wholesale lockbox system does which of the following?

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

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

NEW QUESTION: 139

Traditionally the primary source of operating risk in the area of external theft or malfeasance has been related to:

- A. the receipt of unrecorded customer payments.
- B. the disposition of excess inventories.
- C. the sale of idle or obsolete fixed assets.
- D. the payment of false invoices or check fraud.

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

NEW QUESTION: 140

A bank's reserve requirement on demand deposits is 10%, and its earnings credit rate is 6%. If a company uses bank services amounting to \$2,600 and has an excess of \$550 in earnings credit, what is the average collected balance in the account based on a 30-day month?

- A. \$123,921
- B. \$585,810
- C. \$709,731

D. \$461,889

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

NEW QUESTION: 141

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

- A. Gramm-Leach-Bliley Act
- B. Glass-Steagall Act
- C. Securities Act of 1933
- D. Sarbanes-Oxley Act

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

NEW QUESTION: 142

Cash management services commonly used outside the United States include which of the following?

- I) Interest-bearing deposit accounts
 - II) Controlled disbursement systems
 - III) Pooling of bank accounts
- A. I and II only
 - B. I and III only
 - C. I, II, and III
 - D. II and III only

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

NEW QUESTION: 143

An analyst at Davis Company uses the tax payment (TXP) banking convention for payment of state taxes. The analyst is preparing to pay \$650,000 in taxes to the state where Davis Company is domiciled. What payment method will the analyst use to make the tax payment?

- A. ACH Credit
- B. Fedwire Credit
- C. Certified Check
- D. Multiple Drawee Check

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

NEW QUESTION: 144

A deck furniture supply company maintains a large inventory during the summer sales season. One of the PRIMARY benefits of this approach is that the company avoids which of the following costs?

- A. Order
- B. Stock-out
- C. Holding

D. Opportunity

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 145

Treasury uses all of the following types of internal information EXCEPT:

- A. debt repayment schedule.
- B. projected weekly sales.
- C. large outstanding collection items.
- D. security safekeeping activity.

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 146

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

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 147

Which of the following is MOST LIKELY to have a significant impact on the financial condition of an organization?

- A. Defined contribution pension plans
- B. Defined benefit pension plans
- C. 401(k) plans
- D. Tax-deferred annuities

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

NEW QUESTION: 148

Which of the following is LEAST likely to appear on an account analysis?

- A. Money market rate
- B. Service charges
- C. Average float balance
- D. Earnings allowance rate

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 149

Which cost benefit analysis technique uses the methodology to find where the present value of each project's cash inflows equals the present value of each project's outflows?

- A. NPV
- B. Payback period
- C. IRR
- D. Profitability index

Answer: C (LEAVE A REPLY)

NEW QUESTION: 150

Which of the following are primary objectives of cash forecasting?

- I. Managing liquidity
- II. Optimizing float
- III. Enhancing financial control
- IV. Minimizing borrowing costs

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

Answer: D (LEAVE A REPLY)

NEW QUESTION: 151

ACCOUNTS RECEIVABLE AT THE END OF MARCH

Month	Sales	\$ Amount	% of Sales
December	\$420	\$0	0%
January	\$300	\$30	10%
February	\$400	\$260	65%
March	\$500	\$425	85%

On the basis of the accounts receivable balance pattern above and April sales of \$600, the cash flow forecast for April is:

- A. \$925.
- B. \$875.
- C. \$440.
- D. \$715.

Answer: C (LEAVE A REPLY)

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NEW QUESTION: 152

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

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

NEW QUESTION: 153

Which of the following is a common approach to negotiating EDI payment terms versus paper payment terms?

- A. Offering lower discounts for electronic payments than for paper payments
- B. Making the electronic payments due earlier than paper payments
- C. Having the same due date for electronic and paper payments
- D. Offering payment terms that are float-neutral for both payment formats

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

NEW QUESTION: 154

Which one of the following is NOT a method used by a company to repurchase stock?

- A. Repurchase in the open market.
- B. Make a tender offer to its stockholders.
- C. Negotiate directly with the board of directors.
- D. Negotiate directly with a major stockholder.

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

NEW QUESTION: 155

Since the inception of ABC Company's pension plan, 1,500 employees qualified and were paid pensions of \$500 million after retirement, of which 700 employees were those who earned \$110,000 or more and received \$200 million in pension benefits. When the company filed for bankruptcy in 2010, the IRS claimed back taxes from the company stating that the pension plan was not qualified under ERISA. On what basis was the IRS MOST LIKELY making its claim?

- A. Adequate funds were not available to meet the plan's obligations.
- B. The plan did not meet the minimum coverage requirements.
- C. The company failed to remit its PBGC premiums.

D. Pension benefits were not safeguarded when the pension plan was terminated.

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

NEW QUESTION: 156

Company XYZ is not sure which direction interest rates are headed. Which of the following would be MOST suitable?

- A. An interest rate cap
- B. An interest rate collar
- C. An interest rate floor
- D. An interest rate swap

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

NEW QUESTION: 157

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. 5.56%.
- C. 49.18%.
- D. 5.63%.

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

NEW QUESTION: 158

Company XYZ has stable cash flows and sizable assets. The board of directors compared its WACC with its own industry's averages and determined that it may be at a competitive disadvantage. In order to become more competitive, what action will XYZ MOST LIKELY take?

- A. Issue more common shares and retire debt.
- B. Reduce the dividend for a few quarters.
- C. Issue preferred shares with convertible warrants.
- D. Issue new debt and repurchase common shares.

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

NEW QUESTION: 159

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

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

NEW QUESTION: 160

All of the following bank products and services can simplify the preparation of the daily cash position EXCEPT:

- A. ACH concentration.
- B. balance reporting.
- C. account analysis.
- D. controlled disbursement.

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

NEW QUESTION: 161

A new retail chain has decided to offer 3 payment methods: cash, cards and checks. It was determined that card payments would be the biggest sales driver and projects have been scheduled accordingly. To be in line with this strategy, which of the following should be the priority?

- A. Accounting set-up for card acceptance
- B. Marketing announcement of card acceptance
- C. Becoming PCI DSS compliant
- D. Acceptance of closed-loop credit cards

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

NEW QUESTION: 162

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

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

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 163

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: ([SHOW ANSWER](#))

NEW QUESTION: 164

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

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 165

When a company must determine the optimal mix of long-term borrowings versus common equity, it is making which of the following types of corporate financial decisions?

- A. Investment
- B. Dividend
- C. Capital structure
- D. Financing

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 166

A company recently implemented a treasury code of conduct, which defined appropriate actions and business behaviors. The company developed policies and procedures that assigned duties to managers, and distributed the code to all treasury employees. The treasury group could have improved upon this implementation by doing which one of the following?

- A. Providing training on the code to all employees
- B. Incorporating the code under its disaster recovery plan
- C. Having the code certified under Sarbanes-Oxley Act requirements
- D. Having the code of conduct reviewed by the marketing department

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

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NEW QUESTION: 167

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

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

NEW QUESTION: 168

According to risk management experts, the BEST approach in managing operational risk is to:

- A. create a strong technological infrastructure that can identify security breaches as they occur.
- B. develop a corporate culture that promotes individual responsibility and supports educated risk taking.
- C. maintain a strong business continuity plan that can be used in disaster situations.
- D. document all company policies and procedures to ensure appropriate training for new staff.

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 169

A company sells products to customers on credit, generating accounts receivable. The company uses the accrual accounting method. Once the company collects good funds from its customers, what is the impact on the financial statements of the company?

- A. Cash balance is increased, and income is not affected.
- B. Cash balance is not affected, and income is increased.
- C. Cash balance is increased, and income is increased.
- D. Cash balance is increased, and income is decreased.

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 170

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

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.

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

Answer: B (LEAVE A REPLY)

NEW QUESTION: 171

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

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

Answer: (SHOW ANSWER)

NEW QUESTION: 172

In order to be defined as independent, a corporate director:

- A. cannot have been an employee with the company during the past three years.
- B. cannot meet regularly with executive management outside of board meetings.
- C. cannot have owned preferred stock shares in the company.
- D. cannot have a material relationship with the company.

Answer: D (LEAVE A REPLY)

NEW QUESTION: 173

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. 1.37.
- D. 0.93.

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

NEW QUESTION: 174

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

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 175

A company's basic investment objectives should include all of the following EXCEPT:

- A. ensuring liquidity.
- B. minimizing risk.
- C. optimizing returns.
- D. maximizing exposure.

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 176

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

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

NEW QUESTION: 177

A company is considering issuing debt in a market environment in which there is a larger than normal spread between high- and low-risk investments. Among several factors, what are the concerns regarding investor behavior that the treasurer will MOST need to consider?

- A. Flight to quality
- B. Capital structure
- C. Matching maturity
- D. Availability of collateral

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

NEW QUESTION: 178

What is the PRIMARY issue that management needs to consider when determining capital structure?

- A. Complying to rating agency and lender restrictions
- B. Determining the mix of debt versus equity
- C. Using common stock as a source of funds
- D. Maintaining control of ownership

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

NEW QUESTION: 179

A diversified industrial company operates multiple remote manufacturing facilities that manage local supplier relationships. The company draws on a single line of credit for all of its working capital needs. Which of the following types of disbursement systems would BEST meet this company's needs?

- A. Decentralized check issuance drawn on a local disbursement bank
- B. Centralized check issuance drawn on a local disbursement bank
- C. Centralized check issuance drawn on a central disbursement bank
- D. Decentralized check issuance drawn on a central disbursement bank

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

NEW QUESTION: 180

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

Answer: B (LEAVE A REPLY)

NEW QUESTION: 181

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

Answer: D (LEAVE A REPLY)

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NEW QUESTION: 182

A company that is considering using a central lockbox for collections has conducted an initial study and determined the following:

Average monthly deposits	\$7,500,000
Number of checks deposited per month	1,000
Average collection float without lockbox	4.5 days
Average collection float with lockbox	3.0 days
Internal check processing cost without lockbox	\$0.30 per check
Lockbox processor charges: Annual:	\$9,000
Per check:	\$0.60
Funds opportunity cost	3.0%

What will be the annual net dollar benefit to the company if it uses a lockbox?

- A. \$13,800
- B. \$22,800
- C. \$17,400
- D. \$20,700

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 183

The goal of a successful investor relations program is to ensure:

- A. effective two-way communication between a company, the financial community, and other constituencies.
- B. achievement of the company's earnings-per-share goal.
- C. accurate preparation of financial statements.
- D. on-time filing of reports.

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

NEW QUESTION: 184

Capital budgeting decisions are most commonly evaluated in terms of:

- A. internal rate of return.
- B. earnings allowance rate.
- C. yield to maturity.
- D. financial leverage.

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 185

A large mature company with limited growth opportunities (positive NPV projects) achieved abnormally high profits this year. After paying mandatory principal, interest, and taxes, the company has \$200 million in surplus cash on hand. Assuming its investor base is most concerned with capital appreciation, which of the following is the BEST option for the company?

- A. Declare a special dividend.
- B. Reinvest cash into the company.
- C. Repurchase shares of outstanding stock.
- D. Declare a cash dividend.

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

NEW QUESTION: 186

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

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

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

NEW QUESTION: 187

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

- A. A bank that will process the payment
- B. Evaluation of payment clearing history
- C. Application of the payment to the accounts receivable system
- D. NACHA format chosen for the payments

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

NEW QUESTION: 188

A put option is out of the money when the asset price:

- A. is less than the strike price.
- B. is equal to the strike price.
- C. is unchanged relative to the purchase price.
- D. exceeds the strike price.

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

NEW QUESTION: 189

A company is looking to improve its collection rate of returned checks. If the company implements re-presented check entry (RCK) with its bank, it might see a reduction in what type of returned items?

- A. Corporate payments more than \$2,500
- B. Consumer payments more than \$2,500
- C. Consumer payments less than \$2,500
- D. Corporate payments less than \$2,500

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 190

On June 1, a manufacturing company experienced a system failure that lasted more than 24 hours. The company did not have any contingency plans in place and as a result the cash manager was unable to process the following payments: \$25,000 to the p-card issuer, \$125,000 for weekly payroll, \$500,000 for a bond interest payment, \$260,000 for the weekly vendor payments and \$50,000 for the monthly utilities. The receivables were deposited at the bank; however, the cash manager does not have a way to confirm the amounts. The suppliers are threatening to stop shipments due to the delay in payment and the loss of supplier shipments threatens the company's just-in-time production. What did the manufacturing company trigger as a result of the system failure?

- A. Electronic security risk
- B. Contingency business resumption plan failure

- C. Default on the debt
- D. Supplier risk

Answer: C (LEAVE A REPLY)

NEW QUESTION: 191

An analysis of variances from expected cash flows is used to:

- A. set hedging position.
- B. determine available balances.
- C. update forecasts.
- D. select investments.

Answer: C (LEAVE A REPLY)

NEW QUESTION: 192

Under a loan agreement, which of the following could be an event of default?

- I) Nonpayment of interest when due
- II) A material adverse change in the condition of the borrower
- III) A debt-to-equity ratio above the limit specified
- IV) Shortening the cure period by half

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

Answer: B (LEAVE A REPLY)

NEW QUESTION: 193

Spot rates:		
<u>Currency</u>	<u>US\$ Equivalent</u>	<u>Currency per US\$</u>
€	\$1.40	
¥		115
CAD		1.10
MXN		12

Interest rates:	
In Italy:	8%
In Japan:	7.75%
In the USA:	7%
In Canada:	6.5%
In Mexico:	6%



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Which currency will sell at the greatest discount in the forward market against the U.S. dollar?

- A. Mexican peso
- B. Euro
- C. Canadian dollar
- D. Japanese yen

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

NEW QUESTION: 194

All of the following are differences between Fedwire and ACH EXCEPT:

- A. ACH per item transaction costs are less.
- B. ACH transactions involve more consumer payments.
- C. ACH transactions have delayed settlement.
- D. ACH items have no credit risk.

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

NEW QUESTION: 195

Recently LEW Utilities, a local utility company, began using the company processing center method to process customer payments. Prior to this change, it used its local depository bank's lockbox to process the payments. The PRIMARY advantage of the new method is to:

- A. decrease mail float as a result of applying payments in-house.
- B. reduce the processing float since payments are mailed directly to the customer.
- C. ensure that payments are correctly applied to the customer's account.
- D. lower overall costs since in-house processing is cheaper than third-party processing.

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

NEW QUESTION: 196

Under an operating lease, possible benefits to the lessee include which of the following?

- I) It requires no initial capital outlay.
 - II) It can be structured as an off-balance-sheet item.
 - III) It can offer tax advantages.
- A. I and II only
 - B. I, II, and III
 - C. II and III only
 - D. I only

Answer: ([SHOW ANSWER](#))

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NEW QUESTION: 197

Which of the following would be used to evaluate only the effects of varying interest rates while holding all other values constant at their expected levels?

- A. Break-even
- B. Sensitivity analysis
- C. Scenario analysis
- D. Simulation

Answer: (SHOW ANSWER)

NEW QUESTION: 198

Which method of financing would a company use to establish a wholly owned subsidiary to perform credit operations and obtain accounts receivable financing for the sale of products?

- A. Captive finance company
- B. Securitization
- C. Third party financing
- D. Factoring department

Answer: A (LEAVE A REPLY)

NEW QUESTION: 199

ABC Company, a publicly held U.S. multinational, owns several manufacturing plants in Latin America as well as several ships to transport its products globally. 60% of its sales are from its euro-based subsidiaries. The company uses various derivative instruments to mitigate exposure to fluctuations in fuel prices and FX rates. The hedging deals are long-term and placed with many counterparties. ABC Company is also a net borrower and has a syndicated credit facility in place. Which of the following actions to mitigate counterparty risk would MOST benefit the company?

- A. Implement or adjust single counterparty balance limits.
- B. Eliminate specific AAA rated counterparties.
- C. Adopt a third-party custodian for investments.
- D. Add to the number of counterparties to increase diversification.

Answer: A (LEAVE A REPLY)

NEW QUESTION: 200

The interest costs on commercial paper are determined by all of the following EXCEPT the:

- A. maturity of the paper.
- B. dealer fees.
- C. rating agency fees.
- D. backup line of credit fees.

Answer: (SHOW ANSWER)

NEW QUESTION: 201

The treasury manager of an auto-parts manufacturer has noticed that checks were sent to a foreign individual not on the approved vendor list. The payables manager has explained the payments but did not provide an invoice. The treasury manager did no further research and is later disciplined for:

- A. not purchasing enough surety insurance.
- B. not reporting suspicious activity under the USA Patriot Act.
- C. ignoring International Accounting Standards Board regulations.
- D. not implementing "Check 21."

Answer: B (LEAVE A REPLY)

NEW QUESTION: 202

What activity should the Treasurer be most interested in if core treasury functions were to be compared within the industry or cross-industry for the purpose of identifying "best practices"?

- A. Outsourcing
- B. Re-engineering
- C. Benchmarking
- D. Six Sigma

Answer: C (LEAVE A REPLY)

NEW QUESTION: 203

An optimal concentration system minimizes all of the following EXCEPT:

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

Answer: B (LEAVE A REPLY)

NEW QUESTION: 204

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

Answer: B (LEAVE A REPLY)

NEW QUESTION: 205

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

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

NEW QUESTION: 206

A company receives proceeds of \$1,119,274 from the sale of \$1,150,000 worth of commercial paper. The paper is outstanding for 95 days. If a 360-day year is used, the company's annual interest rate is closest to which of the following?

- A. 10.54%
- B. 10.27%
- C. 10.40%
- D. 10.13%

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

NEW QUESTION: 207

A company may choose to use a derivative to reduce risk on which of the following types of exposure?

- I) Currency
 - II) Interest rate
 - III) Commodity price
- A. II and III only
 - B. I and III only
 - C. I, II, and III
 - D. I and II only

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

NEW QUESTION: 208

A company issues \$5 million of commercial paper at a discount for 60 days. The interest cost is \$85,000. The backup line fee for this transaction is \$2,000, and the dealer fee is \$1,000. What is the annual interest rate?

- A. 10.56%
- B. 10.71%
- C. 10.89%
- D. 10.74%

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

NEW QUESTION: 209

All of the following would encourage a company operating nationwide to develop multiple banking relationships EXCEPT:

- A. geographic proximity.
- B. availability of specialized services.
- C. administrative cost savings.
- D. enhanced credit availability.

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

NEW QUESTION: 210

Which of the following actions would the CFO of a Canadian multinational conglomerate MOST LIKELY take to repatriate profits from its international subsidiaries?

- A. Unbundle cash flows
- B. Multilateral netting
- C. Pooling
- D. Re-invoicing

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

NEW QUESTION: 211

A main characteristic of a company with regional offices using a centralized treasury function is:

- A. increased borrowing costs.
- B. high level of control.
- C. increased operating costs.
- D. centrally determined depository accounts.

Answer: ([SHOW ANSWER](#))

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NEW QUESTION: 212

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

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

D. establish a multicurrency account in the United States.

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

NEW QUESTION: 213

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

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

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

NEW QUESTION: 214

A properly designed concentration system will potentially achieve which of the following results?

- I. Increased authority to field offices
- II. Increased investment income
- III. Improved ability to take discounts
- IV. Reduced dependence on third-party concentration vendors

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

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

NEW QUESTION: 215

In an organization with personnel limitations, which of the following strategies should be considered to mitigate cash management system risk?

- A. Verification
- B. Hedging
- C. Outsourcing
- D. Matching

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

NEW QUESTION: 216

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

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

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 217

The "agency problem" refers to:

- A. management's use of a fiduciary agent for stockholders.
- B. stockholders who allow management to take actions that will benefit management.
- C. a large and active institutional investor base acting on behalf of individual investors.
- D. the internal audit function reporting to the audit committee of the board instead of to management.

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 218

A company has a \$2 million line of credit requiring a 5% compensating balance on usage. For the next year, the company projects a usage of 75% and a 10.375% interest rate. If the balance requirement is eliminated, by how many basis points will the company's effective interest rate be reduced?

- A. 55
- B. 30
- C. 18
- D. 74

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

NEW QUESTION: 219

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

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

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

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

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

NEW QUESTION: 220

A U.S.-based electronics company that buys components from one of its foreign subsidiaries at a price above market is likely to:

- A. need tax consultants to act as intermediaries.
- B. be paid large dividends by the subsidiary.
- C. make payment with an intracompany loan.
- D. be sheltering profits in a low-tax country.

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

NEW QUESTION: 221

Net working capital is defined as:

- A. investments minus current liabilities.
- B. current assets minus current liabilities.
- C. cash minus accrued liabilities.
- D. total assets minus total liabilities.

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

NEW QUESTION: 222

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

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

NEW QUESTION: 223

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

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 224

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

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 225

A KEY feature of municipal bonds is that they are:

- A. rated by the Comptroller of the Currency.
- B. available through the Treasury Direct Program.
- C. exempt from federal income taxes.
- D. issued on a discount basis.

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

NEW QUESTION: 226

Company ABC has recently started to experience a significant reduction in funds availability. Which of the following is MOST LIKELY to reduce funds availability?

- A. Deposits are arriving at bank later, but prior to cutoff time.
- B. Ledger balances have increased.
- C. Company negotiated a later availability schedule.
- D. Company no longer pre-encodes its checks for deposit.

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

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NEW QUESTION: 227

Which of the following is LEAST important when a cash manager determines a company's short-term cash position?

- A. Receipts and disbursements forecasts
- B. Pro forma financial statements
- C. Disbursement clearing patterns
- D. Payments of dividends

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

NEW QUESTION: 228

An analyst is performing a lease versus buy analysis on a corporate jet. In the evaluation, a cost is relevant if it is:

- A. tied to inflation.

- B. unlikely to be incurred.
- C. considered a sunk cost.
- D. different in each scenario.

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 229

All of the following statements are true about adjustable-rate preferred stocks EXCEPT:

- A. they offer tax advantages to corporate investors.
- B. their dividend rate is reset periodically.
- C. their dividends are paid before common stock dividends.
- D. they have a guaranteed return of principal at maturity.

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 230

To increase the money supply, the Federal Reserve would increase which of the following?

- A. The purchase of open market securities
- B. The federal funds interest rate
- C. The reserve requirement
- D. The discount rate

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

NEW QUESTION: 231

An analyst at XYZ United is in charge of setting up the bank accounts. Fraud is a major concern due to the analyst's past experience with previous employers. The analyst has estimated that the company will earn 3.7% on surplus cash. Surplus cash must be invested in short-term investment grade investments. The company's closest competitor earned 4.1% for its surplus cash in its latest fiscal year. What bank service should the analyst use to maximize the company's surplus cash?

- A. Zero Balance Account
- B. Payable Through Draft
- C. Reverse Positive Pay
- D. Controlled Disbursement

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

NEW QUESTION: 232

Which of the following are KEY issues to be considered when establishing a shared service center (SSC)?

- I. Selecting the location
- II. Comparing an SSC structure to outsourcing of a process
- III. Choosing and implementing the technology for SSC
- IV.

Choosing the collection bank

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

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

NEW QUESTION: 233

A daily short-term forecast and variance analysis for LMN, Inc. is updated with relevant trends and actual data every Monday. Upon review, the Treasurer assessed that sales were higher than forecasted, inventory was up and yields being earned on excess cash were lower. The MOST important reason for this cash forecast process is:

- A. financial control.
- B. liquidity management.
- C. managing costs.
- D. capital budgeting.

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

NEW QUESTION: 234

Which of the following would be the most efficient method of reducing the number of cross-border payments between two units of a company?

- A. A pooling system
- B. A multicurrency account
- C. A netting system
- D. A re-invoicing center

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

NEW QUESTION: 235

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

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

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

NEW QUESTION: 236

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

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

NEW QUESTION: 237

The amount of the discount required to renegotiate credit terms in EDI depends on which two of the following?

- I. Present value impact of the timing change
- II. Credit risks involved
- III. Revolving credit agreements
- IV. Transaction costs savings

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

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

NEW QUESTION: 238

Trade terms are renegotiated under e-commerce in order to:

- A. quantify the savings.
- B. balance the payment.
- C. neutralize the float.
- D. improve the seller's availability.

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

NEW QUESTION: 239

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

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

NEW QUESTION: 240

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

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

NEW QUESTION: 241

Company XYZ is a high technology company. It is planning on acquiring another company in the high technology sector. Company XYZ does not have enough cash to acquire the company and is planning on financing the acquisition through a bond offering. Which of the following measures is company XYZ MOST LIKELY to use in its analysis of operating profits considering it is a high debt transaction?

- A. EBITDA margin
- B. Long-term debt to capital
- C. Return on equity
- D. Net profit margin

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

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NEW QUESTION: 242

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

Deposit Float\$10,000 Reserve Requirement5% Earnings Credit Rate15% Monthly Service Charges\$6,000 Days in month30

- A. \$456,000
- B. \$512,281
- C. \$308,222
- D. \$486,667

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

NEW QUESTION: 243

To monitor financial institution service quality, a company would use all of the following measures EXCEPT:

- A. an earnings allowance rate.
- B. annual senior management reviews.
- C. report cards.
- D. informal reviews on day-to-day relationship management.

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

NEW QUESTION: 244

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

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

NEW QUESTION: 245

A manager has prepared an analysis of five investment alternatives. Prior to selecting which alternative to invest funds in, the manager calculated the anticipated return for all options. The manager is only going to invest in one alternative. The four investments that are not chosen are:

- A. a cost benefit.
- B. an opportunity cost.
- C. a loss of leverage.
- D. a cost of capital.

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

NEW QUESTION: 246

Which of the following are basic security issues to be considered in evaluating a treasury management system?

- I) Data recovery
- II) Anti-virus protection
- III) Database access controls
- IV) Data integration

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

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

NEW QUESTION: 247

Which of the following types of payments would NOT be included in cash flow forecasting?

- A. Returned items
- B. Notional transfers
- C. Direct deposit
- D. Sight drafts

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

NEW QUESTION: 248

When evaluating candidates who have responded to an RFP for banking services, a highly leveraged company will probably apply a higher weighting to:

- A. the adequacy of internal controls.
- B. the cost of switching providers.
- C. the ability to customize services.
- D. flexible credit terms at competitive rates.

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

NEW QUESTION: 249

BF Company, a manufacturer of food products, reported financial information shown in the table below for the end of the year.

Cash	\$1,000
Accounts receivable	10,000
Inventory	6,000
Capital equipment	29,000
Goodwill	4,000
Accounts payable	3,000
Commercial paper borrowing	7,000
Long term credit facility	20,000
Common stock	7,000
Retained earnings	13,000
Sales	50,000
Depreciation	5,000
Operating profit	8,000
Interest expense	3,000
Net income	5,000
Dividends	2,600
Capital expenditures	5,000
Gain on sale of equipment	2,000

BF Company is subject to covenants under its revolving credit facility. It is in compliance with which of the following?

- A. Minimum current ratio of 1.25:1.0
- B. Dividends cannot exceed 15% of retained earnings
- C. Minimum times interest earned of 3.0 times
- D. Maximum debt to tangible net worth ratio of 1.5:1

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 250

Given a corporate tax rate of 34%, a tax-exempt yield of 7% is equivalent to a taxable yield of:

- A. 4.6%.
- B. 7.0%.
- C. 34.0%.
- D. 10.6%.

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

NEW QUESTION: 251

Treasury policies should be approved by the:

- A. board of directors.
- B. audit committee.
- C. external auditors.
- D. controller.

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

NEW QUESTION: 252

Which of the following instruments is sold at multiple price bid auctions?

- A. Commercial paper
- B. Treasury Bill
- C. Certificates of deposit
- D. Money market fund

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

NEW QUESTION: 253

A company has \$75 million in adjustable-rate debt, \$25 million in fixed-rate debt, and \$50 million in accounts receivable. If the company is concerned that interest rates will rise, which of the following would be the BEST interest rate derivative?

- A. An interest rate collar
- B. An interest rate floor
- C. A forward rate agreement
- D. An interest rate cap

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

NEW QUESTION: 254

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

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 255

A company uses a dividend capture strategy to:

- A. reduce interest expense.
- B. reduce default risk.
- C. improve yield.
- D. liquidate investments.

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 256

A multidivisional domestic company with centralized treasury decision-making can potentially utilize intra-company lending to:

- A. reduce the overall liquidity of the company.
- B. establish individual subsidiary borrowing facilities.
- C. lower the overall cost of short term funds.
- D. source debt in different currencies.

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

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NEW QUESTION: 257

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	Liabilities and Owners' Equity	
Taxes	(14,000)	Accounts Payable	\$30,000
Net Income	26,000	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. 80%
- B. 37%
- C. 26%
- D. 65%

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 258

Improvements to the cash flow timeline from a selling company's perspective would include:

- A. increasing mail float.
- B. decreasing disbursement float.
- C. increasing invoice float.
- D. decreasing collection float.

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

NEW QUESTION: 259

A manufacturing company's long-term capital structure is 30% debt and 70% equity, its cost of equity is 10%, its average cost of debt is 8%, and the marginal tax rate is 34%. If the company has invested total capital of \$567,865 in its production unit and the unit's operating profit is \$79,856, what is the economic value added (EVA) of the unit?

- A. (\$674.35)
- B. \$5,412.56
- C. \$6,571.78
- D. \$3,982.14

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 260

Which statement is true about credit unions?

- A. They offer lending rates similar to other financial institutions.
- B. They can only be chartered by state agencies.
- C. They are not-for-profit organizations.
- D. Their deposits are insured by the FDI

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

NEW QUESTION: 261

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

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

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

NEW QUESTION: 262

All of the following are basic considerations for balance compensation by a company EXCEPT:

- A. relationship management.
- B. annuity factors.
- C. differential charges.
- D. budgeting.

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

NEW QUESTION: 263

A financially sound company sends wires to investors in the morning but does not receive replacement funds until the afternoon. Which facility will the company MOST LIKELY arrange with its bank to facilitate the company's wire payment activities on any given day?

- A. A standby letter of credit
- B. A ledger overdraft
- C. A short-term line of credit
- D. A daylight overdraft

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 264

What is the correct sequence of the following disbursement float events, from first to last step?

1. Check clears back to drawee bank account.
2. Check is encoded and enters the clearing system.
3. Depositor receives ledger credit.
4. Lockbox bank receives check.

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

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 265

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

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

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

NEW QUESTION: 266

Company XYZ offers a retirement plan wherein the value of the plan's assets and liabilities is measured separately. The plan's funding and valuation can have a significant impact on the financial condition of the company. Company ABC offers a retirement plan wherein the amount owed to the participants at retirement is based solely on the account balance at the time of withdrawal with participants often bearing the responsibility for managing the investments in their account. Which of the following BEST describes the above two retirement plans and which act governs them?

- A. 403(b) and defined contribution plan; ERISA

- B. Qualified and non-qualified plan; Pension Protection Act
- C. Defined benefit plan and defined contribution plan; Pension Protection Act
- D. Defined benefit plan and defined contribution plan; ERISA

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

NEW QUESTION: 267

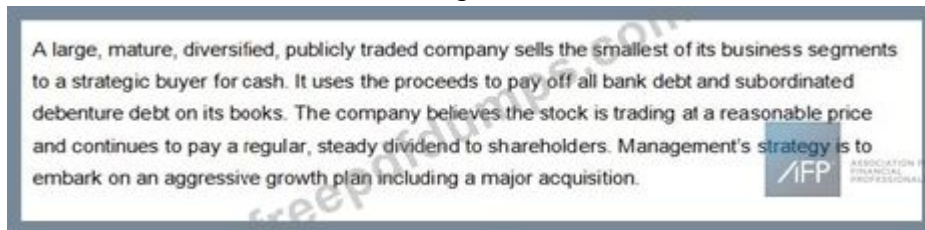
Which of the following is considered a financing decision?

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

Answer: (SHOW ANSWER)

NEW QUESTION: 268

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

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

NEW QUESTION: 269

The CFO asks the Treasurer to create a new collections and concentration policy for their company. Following implementation of the policy, the company finds that reporting of receivables values is taking 10% longer, with no improvement in the company's cash flow or liquidity. What step in developing the policy could have been executed better?

- A. Drafting the policy
- B. Identify issues and conduct analysis
- C. Approval of the policy
- D. Procedure implementation

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

NEW QUESTION: 270

A new retail chain has decided to offer 3 payment methods: cash, cards and checks. It was determined that card payments would be the biggest sales driver and projects have been

scheduled accordingly. To be in line with this strategy, which of the following should be the priority?

- A. Becoming PCI DSS compliant
- B. Acceptance of closed-loop credit cards
- C. Marketing announcement of card acceptance
- D. Accounting set-up for card acceptance

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 271

For a retirement plan to be qualified under ERISA, employer and employee contributions must be:

- A. invested to maximize portfolio return.
- B. placed with a professional investment manager.
- C. invested to provide a defined benefit for plan participants.
- D. placed in a separate fund held by a third party.

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

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NEW QUESTION: 272

A company is filing for bankruptcy protection and is concerned about the welfare of its sizeable retiree population. Under ERISA, it is obligated to perform which of the following actions regarding its defined benefit plan?

- A. File a 5500 report (bankruptcy amendment) with the DOL.
- B. Use proceeds from asset sales to fund the plan liability.
- C. Convert the plan to a portable, hybrid vehicle.
- D. Record a distress termination with the PBG

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 273

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

Answer: C (LEAVE A REPLY)

NEW QUESTION: 274

A company has grown quickly in the euro zone market. It wants to maximize its excess cash. Which would be the BEST method of concentrating funds?

- A. Notional Pooling
- B. Physical Pooling
- C. Bank Overlay
- D. Scheduled Transfer

Answer: (SHOW ANSWER)

NEW QUESTION: 275

Based on the following information, how much money will XYZ Company owe the bank for monthly service charges after the earnings credit is applied?

Average Ledger Balance\$500,000 Deposit Float\$10,000 Reserve Requirement10% Earnings Credit Rate5% Monthly Service Charges\$5,000 Days in month30

- A. \$436.99
- B. \$0
- C. \$561.64
- D. \$68.49

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

NEW QUESTION: 276

Which of the following statements BEST applies when evaluating fees in an RFP for bank services?

- A. Flexible credit terms are the most important consideration.
- B. Accurate evaluation and comparison of the proforma account analysis statements are critical.
- C. A proforma account analysis statement captures all pricing and compensation detail.
- D. Ability of financial institution to customize services is critical.

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

NEW QUESTION: 277

Which report is MOST LIKELY to be a current-day information report?

- A. Loan transaction detail
- B. Multibank balance report
- C. Controlled disbursement totals
- D. Debit/credit transaction listing

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

NEW QUESTION: 278

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

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

NEW QUESTION: 279

Which of the following is a type of borrowing between a company and a lender in which the paperwork connected with it is used to simplify the lending process?

- A. Master note
- B. Securitization
- C. Trade credit
- D. Commercial paper

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 280

The treasury management department of a company hires a consulting firm to provide research on how other companies in the industry have structured their treasury operations. This is an example of which practice?

- A. Benchmarking
- B. Re-engineering
- C. Outsourcing
- D. Restructuring

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

NEW QUESTION: 281

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

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

NEW QUESTION: 282

A company may choose to outsource some of its cash management processes to:

- A. more easily monitor its banks' creditworthiness.
- B. reduce external fraud.
- C. increase netting and pooling opportunities.
- D. better protect its assets.

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

NEW QUESTION: 283

Included in the CAMELS rating system for financial institutions are all of the following EXCEPT:

- A. earnings.
- B. asset quality.
- C. liquidity.
- D. credit rating.

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

NEW QUESTION: 284

A town has \$25 million excess funds to invest long term. The town's investment policy requires it have full FDIC coverage on all investments. The town is willing to do its own due diligence on the financial institutions that they invest in, but would prefer to have one statement. Which of the following investment options meets its requirements?

- A. Institutional Money Market Account
- B. Jumbo Certificates of Deposit
- C. Certificate of Deposit Account Registry Service
- D. Separately managed diversified portfolio

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

NEW QUESTION: 285

EDI infrastructure includes which of the following four PRIMARY components?

- A. Communication networks and standards, computer hardware, EDI software, and standard formats
- B. File transfer protocol, hypertext transfer protocol, uniform resource locator, and Extensible Markup Language (XML)
- C. Authentication devices, evaluated receipts settlement, firewalls, and single sourcing arrangements
- D. Business-to-business banking services, EDI e-commerce, EDI software, and electronic payments networks

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 286

Multi-divisional or multi-subsubsidiary companies have opportunities to optimize their working capital position and overall liquidity by doing which of the following?

- A. Consolidating the cash resources of all divisions and subsidiaries in order to pay down corporate debt
- B. Allocating corporate debt to each division or subsidiary according to its cash needs
- C. Negotiating with suppliers to extend their payment terms for key divisions or subsidiaries
- D. Establishing strict credit standards that are uniform for all divisions or subsidiaries

Answer: ([SHOW ANSWER](#))

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NEW QUESTION: 287

The Sarbanes-Oxley Act of 2002 requires that a public company's financial statements be certified by the company's:

- A. chief financial officer and chief executive officer.
- B. chief financial officer and corporate secretary.
- C. chief financial officer and corporate controller.
- D. chief financial officer and chief operating officer.

Answer: (SHOW ANSWER)

NEW QUESTION: 288

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

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

Answer: B (LEAVE A REPLY)

NEW QUESTION: 289

What must be measured and monitored to ensure that a company has adequate liquidity?

- A. Short-term borrowing obligations
- B. Net receivables
- C. Net working capital
- D. Stock price

Answer: C (LEAVE A REPLY)

NEW QUESTION: 290

In a maturity matching financing strategy, which of the following is financed using short-term sources?

- A. Accounts payable
- B. Buildings
- C. Equipment
- D. Accounts receivable

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

NEW QUESTION: 291

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

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

NEW QUESTION: 292

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. Reengineering
- B. Rationalizing
- C. Offshoring
- D. Outsourcing

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

NEW QUESTION: 293

A large retailer is preparing to accept credit cards and anticipates monthly credit card sales of \$1,000,000. If the terms with the acquiring bank include bundled allocated fees of 6% and the retailer wishes to delay fee payment as long as possible, what should the retailer do?

- A. Place a hold on consumer credit limits.
- B. Receive net settlement.
- C. Accept gross settlement.
- D. Delay funds transfer to card-issuing banks.

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

NEW QUESTION: 294

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

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

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 295

Why would a company establish a short-term credit facility?

- A. Cash shortages are being forecasted due to seasonality.
- B. The company would like to improve bank relationships.
- C. Short-term interest rates are expected to rise.
- D. There is an anticipated failure of the company's main depository bank.

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

NEW QUESTION: 296

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

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

NEW QUESTION: 297

One reason for charging management fees to subsidiaries is to:

- A. mitigate shareholder concerns about the large investments needed for overseas ventures.
- B. minimize the impact of call provisions generally associated with overseas investing.
- C. help reduce the variability of parent and subsidiary future cash flow.
- D. justify to local governments the flow of funds to the parent company.

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

NEW QUESTION: 298

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. 60%
- C. 30%
- D. 90%

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 299

A small for-profit, start-up company is designing a retirement plan with the goal of minimizing costs and operating income volatility while providing a qualified retirement savings vehicle. Which of the following would be the BEST choice?

- A. Internal Revenue Code 401(k) plan
- B. Internal Revenue Code 403 (b) plan
- C. Defined benefit plan
- D. Hybrid plan

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

NEW QUESTION: 300

An accounts payable manager has been mandated to accept all trade discount opportunities with an effective cost of discount above 25%. An invoice has been presented and approved for payment with terms of 3/5, net 30 days. What is the difference between the effective cost of discount offered, and the 25% rate set by the company?

- A. 20%
- B. 14%
- C. 22%
- D. 17%

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

NEW QUESTION: 301

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

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

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NEW QUESTION: 302

MCA, Inc. upgraded the Treasury workstation that had been in place for two years and used data from that 24-month period to develop a new short-term forecast. A trend factor was applied to controlled disbursements of 97% on a month-by-month basis and the variance to actual disbursements is less than 1%. Which of the following model validation techniques was utilized?

- A. In-sample validation
- B. Ongoing validation
- C. Documentation validation
- D. Comparison validation

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 303

A small regional bank is losing market share in fiduciary services and the CEO has decided to scale back the trust department. Which of the following is considered a core service of a trust department?

- A. Providing consulting services in debt origination
- B. Monitoring compliance with audit procedures
- C. Processing drafts for collection.
- D. Paying agent for dividend and interest payments

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 304

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. Paid-on-production
- C. Consumer-to-business
- D. Check truncation

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

NEW QUESTION: 305

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

NEW QUESTION: 306

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. II and III
- D. I and III

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 307

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

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

NEW QUESTION: 308

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

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

NEW QUESTION: 309

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. 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.
- C. Store operations believes that an increase in inventory levels will raise sales as the corporation eventually becomes known for its wide selection.
- D. 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.

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

NEW QUESTION: 310

- I. Banker's acceptances
- II. Commercial paper
- III. U.S. Treasury bills

IV. Federal agency securities

Which of the following is the MOST usual ranking, from lowest to highest risk, of the investments listed above?

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

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 311

Which of the following is a service typically provided by an investment custodian?

- A. Written policy
- B. Tax advice
- C. Portfolio reporting
- D. Audit service

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

NEW QUESTION: 312

The Fed can reduce the money supply by doing which of the following?

1.Increasing reserve requirements 2.Purchasing government securities 3.Increasing legal lending limits 4.Selling government securities

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

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

NEW QUESTION: 313

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

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

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 314

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

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 315

Refer to the following information about a company at the end of its fiscal year.

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

The before-tax cost of long-term debt is 10% and the cost of equity is 12%. The marginal tax rate is 35%.

What is the company's long-term debt to total capitalization ratio?

- A. 0.67
- B. 0.78
- C. 0.73
- D. 0.44

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

NEW QUESTION: 316

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

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

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

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NEW QUESTION: 317

Which of the following is NOT an operational risk?

- A. Workers' compensation risk
- B. Fidelity risk
- C. Currency risk
- D. Surety risk

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

NEW QUESTION: 318

XYZ Company is considering different methods of concentrating cash from its subsidiary accounts to its main operating account. It uses short-term borrowings with a rate of 7% to fund daily operations, and the reserve adjusted earnings credit rate on its subsidiary accounts is 1%. A review of its bank fees shows that wires (same day transfer) cost the XYZ Co. \$7.00 each while ACH debits (next day transfer) cost \$1.25 each. If the primary objective is to minimize costs, what must the transfer amount be (rounded to the nearest whole \$) to justify the use of a wire transfer instead of an ACH to concentrate the funds?

- A. \$29,982
- B. \$17,490
- C. \$34,979
- D. \$42,583

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

NEW QUESTION: 319

All of the following are account reconciliation services EXCEPT:

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

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

NEW QUESTION: 320

Systemic risk can be caused by which of the following?

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

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 321

In developing an operating budget, the first and MOST critical step is?

- A. Establish cost allocations.
- B. Generate a sales budget.
- C. Get management approval.
- D. Determine capital structure.

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

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