Exam : CTP

Title : Certified Treasury Professional

Version : DEMO

1.Which of the following are important uses of variance analysis in comparing actual cash flows with projected cash flows?
I. Identifying unanticipated changes in inventory
II. Enhancing short-term investment income
III. Validating a capital budget
IV. Identifying delays in accounts receivable collections
A. I and II only
B. I and IV only
C. II and IV only
D. I, II, III, and IV
Answer: B

2.An instrument that gives the right to buy a stated number of shares of common stock at a specified price is known as:
A. an equity warrant
B. a put option
C. a zero coupon bond
D. a subordinated debenture
Answer: A

3.A company plans to issue additional equity within the next 12 months but needs to issue debt at a low interest rate now.
Which of the following instruments would BEST meet this objective?
A. Convertible bonds
B. Private placement issue
C. Preferred stock
D. Subordinated debentures
Answer: A

4.An arrangement in which a borrower makes periodic payments to a separate custodial account that is used to repay debt is known as a:
A. sinking fund
B. balloon payment
C. mortgage
D. zero-coupon bond
Answer: A

5.Which of the following instruments simplifies the paperwork connected with loans that have multiple advance features?
A. Master note
B. Banker's acceptance
C. Indenture agreement
D. Note purchase agreement
Answer: A