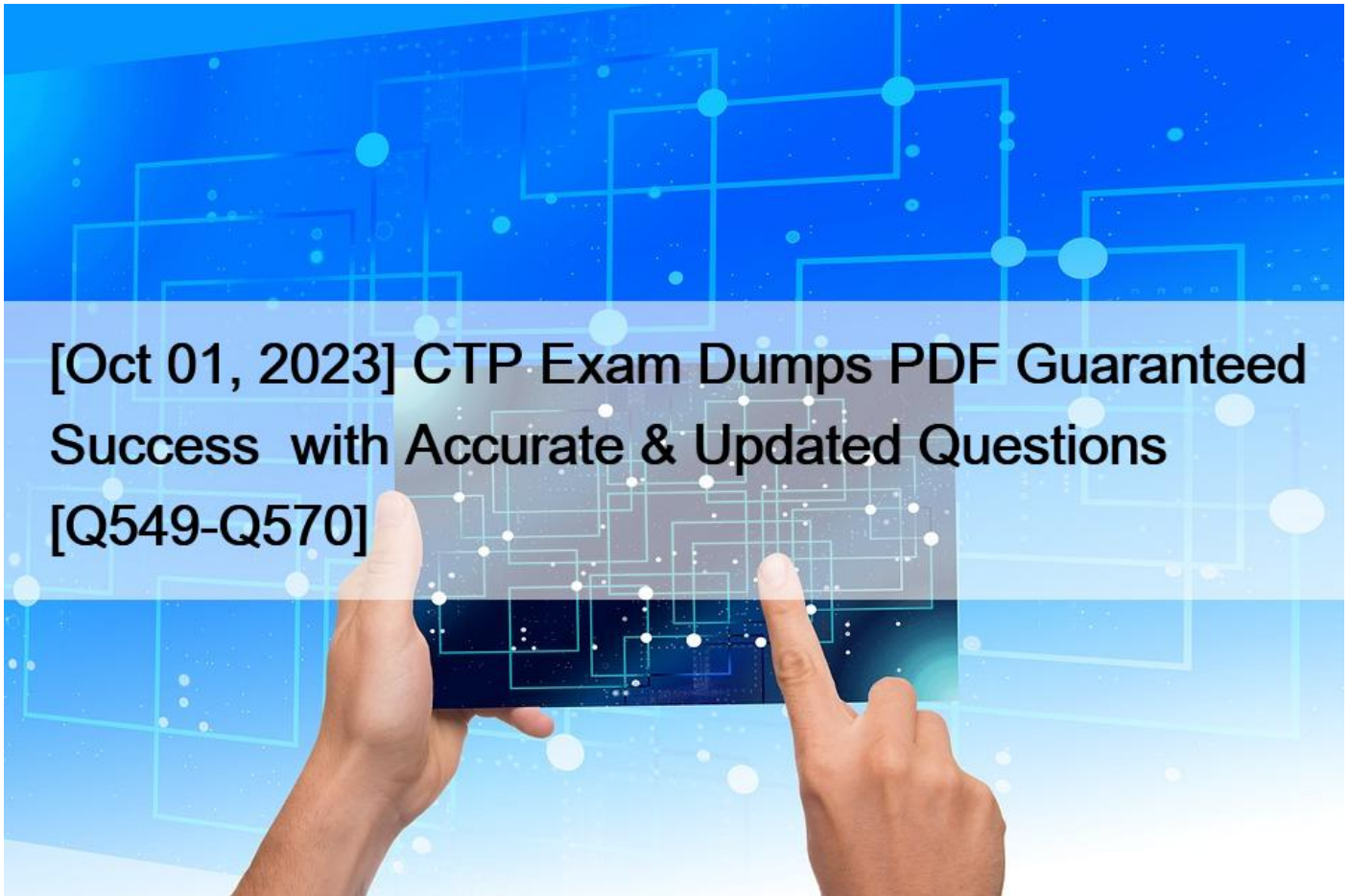


[Oct 01, 2023 CTP Exam Dumps PDF Guaranteed Success with Accurate & Updated Questions [Q549-Q570]



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AFP CTP Certification Exam is a rigorous exam and requires a significant amount of preparation. CTP exam consists of 170 multiple-choice questions and must be completed within four hours. The passing score for the exam is 70%. Candidates must also meet certain eligibility requirements before they can take the exam, including education and work experience.

QUESTION 549

The Treasurer of a company would like to establish an investment policy for the organization. One objective that should be included in the investment policy that would BEST allow the organization to limit its exposure to a particular market sector would be to:

- * perform a risk analysis.
- * develop an exposure horizon.
- * establish ratings requirements.
- * set diversification requirements.

QUESTION 550

The measurement of the significance of any loss exposure depends on:

- * loss type and loss prevention.
- * loss response and loss control.
- * loss probability and loss history.
- * loss frequency and loss type.

QUESTION 551

The key parties involved in a disaster recovery plan are generally classified as internal resources or external counterparties. When evaluating the risks of both parties, which of the following can be assumed?

- * The review of internal resources takes greater importance.
- * The infrastructure linking the parties' systems must be considered.
- * The disaster recovery sites of both parties must be in the same location.
- * The systems used by both parties must be compatible.

QUESTION 552

A company with \$50 million in foreign assets decides to increase its foreign debt by \$40 million for a debt ratio of 80%. This action will reduce which exposure?

- * Hedged
- * Economic
- * Transaction
- * Translation

QUESTION 553

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?

- * Defined benefit plan
- * Internal Revenue Code 401(k) plan
- * Hybrid plan
- * Internal Revenue Code 403 (b) plan

QUESTION 554

The future value of \$60 invested at 8% compounded per year for three years is:

- * \$47.63.
- * \$64.80.
- * \$74.40.
- * \$75.58.

QUESTION 555

XYZ Company has decided to purchase a close competitor. This acquisition would make XYZ Company the 4th largest in its industry allowing it better purchasing power and greater distribution channels. After completing the M&A analysis, it is determined that the combined companies would produce a 40% increase in revenue, reduce manufacturing costs by 30%, but would increase current liabilities by 27%. Which of the following would keep the acquisition from happening?

- * Increased weighted average cost of capital
- * Low return on investment
- * Negative net present value
- * Restrictive bond covenants

QUESTION 556

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?

- * Reengineering
- * Offshoring
- * Rationalizing
- * Outsourcing

QUESTION 557

Usually, corporations receiving dividends from another corporation can exclude 70 percent of dividend payments from income for tax purposes as long as the stock is owned for at least:

- * 30 days.
- * 45 days.
- * 60 days.
- * 90 days.

QUESTION 558

The Treasury Manager of a chain of department stores wants to develop a medium-term forecast.

Management plans to open two new stores, and anticipates same-store sales to increase by 15%.

Which of the following items can be predicted with the highest degree of certainty?

- * Taxes on stock options
- * New product sales
- * Fixed bond interest payment
- * Refranchising proceeds

QUESTION 559

XYZ Inc. has limited cash flow, total liabilities to total assets greater than 52%, and a high WACC. To help meet the goal of lowering their WACC, the company plans to issue several million dollars of private equity to the chairman of the board. If the company proceeds with this plan, the company may:

- * not comply with SOX requirements.
- * violate shareholder pre-emptive rights.
- * require approval from PCAOB.
- * need to report the large currency transaction.

QUESTION 560

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

- * The Federal Reserve Board (FRB)
- * The Federal Deposit Insurance Corporation (FDIC)
- * The Office of the Comptroller of the Currency (OCC)
- * The Bank Insurance Fund (BIF)

QUESTION 561

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

- * tied to inflation.
- * different in each scenario.
- * considered a sunk cost.
- * unlikely to be incurred.

QUESTION 562

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

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

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

- * 6.0%
- * 6.2%
- * 7.8%
- * 9.3%

QUESTION 563

Treasury management systems help cash managers do which of the following?

- I) Reduce borrowing expenses
 - II) Initiate transfers
 - III) Determine cash position
 - IV) Obtain account balances
- * I and IV
 - * II and III
 - * I, III, and IV
 - * I, II, III, and IV

QUESTION 564

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

- * The buyer incurs no added cost if it pays on time.
- * The supplier will charge interest to the buyer.

- * The buyer should record this as a long-term liability.
- * The supplier places a lien on the goods sold until payment.

QUESTION 565

Which of the following is a characteristic of MOST mutual funds?

- * Shares are primarily held by corporations and pension funds.
- * The value of shares fluctuates with the performance of underlying securities.
- * Funds are insured by the FDI
- * Shares may be traded on the NYSE.

QUESTION 566

Which of the following items would be classified as a source of cash on a company's statement of cash flow?

I) Selling, general, and administrative expense

II) Increase in accounts payable

III) Increase in inventory

IV) Depreciation expense

- * III only
- * I and III only
- * II and IV only
- * I, II, and IV only

QUESTION 567

An organization must maintain adequate liquidity to meet:

- * strategic objectives.
- * five year plan.
- * transaction requirements.
- * defined contribution plan distributions.

QUESTION 568

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

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

QUESTION 569

Which of the following is subject to transaction exposure?

- * A U.S. company's foreign subsidiary in Japan has a receivable denominated in Yen.
- * A Japanese company's foreign subsidiary in the U.S. has a receivable denominated in Yen.
- * A U.S. company's foreign subsidiary in Japan has a payable denominated in Yen.
- * A Japanese company's foreign subsidiary in the U.S. has a payable denominated in dollars.

QUESTION 570

XYZ Company has a well established commercial paper (CP) program that they use to fund operations. The company is expanding by purchasing a new factory. The CFO is worried about the time and expense needed to issue long-term debt and decides to use the funds they raise in the CP market to pay for the purchase of the factory. This strategy will be successful if:

- * an interest rate swap is used.
- * a credit default swap is employed.
- * a commodities future is purchased.
- * the yield curve remains upward sloping.

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