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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