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QUESTION NO: 1

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

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

ANSWER: A

QUESTION NO: 2

In which of the following instances does the clientele effect come into play?

- A. When a company announces its earnings forecast
- B. When a company submits its 10-Q to the SEC
- C. When a company declares a dividend
- D. When a company increases its sales

ANSWER: C

QUESTION NO: 3

Because of the growing demand in China for oil, a transportation company decides to assume a long position on oil in hopes of generating short-term investment income. Which of the following describes the firm's strategy?

- A. Speculation
- B. Arbitrage
- C. Hedging
- D. Risk management

ANSWER: A

QUESTION NO: 4

An organization must maintain adequate liquidity to meet:

- A. strategic objectives.
- B. five year plan.
- C. transaction requirements.
- D. defined contribution plan distributions.

ANSWER: C

QUESTION NO: 5

When a foreign subsidiary pays a dividend to its parent company the transfer of funds may be subject to:

- A. turnover tax.
- B. lifting fees.
- C. capital tax.
- D. netting fees.

ANSWER: B

QUESTION NO: 6

What is the authoritative accounting standard-setting body for state and local governments, public schools, state universities, and other government-affiliated agencies?

- A. Financial Accounting Standards Board
- B. Financial Accounting Foundation
- C. Governmental Accounting Standards Board
- D. Governmental Accounting Standards Foundation

ANSWER: C

QUESTION NO: 7

The purpose of cash letters is to:

- A. arrange currency deliveries from the Fed.
- B. request payment under standby letters of credit.

- C. collect merchant charge-card sales.
- D. facilitate the clearing of paper checks.

ANSWER: D

QUESTION NO: 8

A supplier can improve invoicing float by:

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

ANSWER: C

QUESTION NO: 9

ABC Ltd. uses a third party lockbox provider to collect and clear its paper receivables. A customer disputes the price charged for a binding machine and issues a check to ABC Ltd. for 50% of the balance due, noting "paid in full" on the face of the check. The third party provider does not bring the check to ABC's attention prior to depositing it. Which regulation allows ABC to attempt to collect the remaining balance?

- A. UCC Article 2 - Clearing of Checks
- B. Federal Reserve Regulation CC
- C. UCC Article 3 - Negotiable Instruments
- D. UCC Article 4 - Bank Deposits and Collections

ANSWER: C

QUESTION NO: 10

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

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

ANSWER: C

QUESTION NO: 11

Company XYZ is aggressively expanding globally. It is evaluating four markets: Latin America, Europe, Asia and Middle East.

Latin America. Risk adjusted discount rate. 15%, Payback period=7 years, IRR=15%

Europe. Risk adjusted discount rate. 8%, NPV=\$20M

Middle East: Risk adjusted discount rate. 11%, IRR=12%, NPV=\$5M

Asia. WACC. 9%, Payback=2 yrs, IRR=8%

Based on the information, which two markets will company XYZ MOST LIKELY pursue?

- A. Europe and Asia
- B. Asia and Latin America
- C. Europe and Middle East
- D. Middle East and Latin America

ANSWER: C

QUESTION NO: 12

Examples of fixed assets include which of the following?

I. Inventory

II. Treasury bills

III. Forklift

IV. Goodwill

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

E. Inventory
II. Treasury bills
III. Forklift
IV. Goodwill

ANSWER: A**QUESTION NO: 13**

Which of the following types of payment transactions requires the authorization of both the initiating and the receiving party?

- A. A multiple drawee check
- B. A drawdown wire
- C. A depository transfer check
- D. A non-repetitive wire

ANSWER: B**QUESTION NO: 14**

When will a depositor receive ledger and collected credit for a western check deposited at 2:00 P.M. Wednesday?

<u>Drawer Endpoint</u>	<u>Deposit Deadline</u>	<u>Availability</u>	<u>Ledger Cutoff</u>
Local items	9:30 A.M.	0 day	6:00 P.M.
Eastern items	5:00 P.M.	1 day	6:00 P.M.
Western items	12:30 P.M.	1 day	6:00 P.M.

Ledger Credit - Collected Credit

- A. Wednesday - Thursday
- B. Wednesday - Friday
- C. Thursday - Thursday
- D. Thursday - Friday

ANSWER: B**QUESTION NO: 15**

Which of the following is true about disbursement ZBAs?

- A. Their funding requirements are known early in the day.
- B. They are funded by intra-bank transfer.
- C. They are pre-funded from a master account.
- D. They are not recommended in a decentralized environment.

ANSWER: B

QUESTION NO: 16

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

QUESTION NO: 17

Which of the following ways of financing accounts receivable requires a company to relinquish control of the type of customer to which it sells?

- A. Securitization
- B. Using captive finance subsidiaries
- C. Third-party financing
- D. Unsecured borrowing

ANSWER: C

QUESTION NO: 18

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

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

ANSWER: C

QUESTION NO: 19

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

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

ANSWER: C

QUESTION NO: 20

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

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

ANSWER: D