



# CTP<sup>Q&As</sup>

Certified Treasury Professional

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#### QUESTION 1

Two critical factors in determining an operational risk management strategy for a company are:

- A. organizational culture and technology.
- B. industry standards and competition.
- C. technology and data security.
- D. physical security and the number of manual processes.

Correct Answer: A

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#### QUESTION 2

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

Correct Answer: D

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#### QUESTION 3

Which of the following statements is typically true about a net settlement system?

- A. It significantly reduces the total cost of transfers.
- B. Participants obtain improved payment terms from suppliers.
- C. Receivables and payments are continuously settled 1-to-1.
- D. An independent third party determines the settlement dates.

Correct Answer: A

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#### QUESTION 4

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

Correct Answer: B

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#### QUESTION 5

A company has transferred all treasury functions to a new office overseas. When preparing the disaster recovery plan, the treasury manager seeks to identify the mission critical functions and then determine what risks the plan should address. Which of the following risks should be the focus of the Disaster Recovery Plan?

- A. The majority of the company's export is to a country with significant currency fluctuations.
- B. The company's decentralized treasury system operates locally with nightly data back-up to the new treasury office.
- C. The corporate liability insurance policy does not cover the international office.
- D. The company's investment portfolio has significant equity ownership in the international office country.

Correct Answer: B

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