

ACT PRACTICE PAPER

**Certificate in International Cash Management –
MicroCredentials
Global Cash, Liquidity & Risk Resilience (GCLRR)**

Practice paper for the Certificate in International Cash Management – MicroCredentials – Global Cash, Liquidity & Risk Resilience (GCLRR)

Based on the syllabus assessed from 16 March 2026.

Introduction

This practice paper has been produced by the Awarding Body at the Association of Corporate Treasurers (ACT) to assist students in their preparation for the GCLRR MicroTest. It contains a practice assessment for the specified MicroTopic as well as practice answers.

Ideally, you should have completed the majority of your studies for GCLRR before attempting this practice paper. You should allow yourself 35 minutes to complete the exam. You should then review your performance to identify areas of weakness on which to concentrate the remainder of your study time.

Although the practice paper in this guide is typical of a GCLRR assessment, it should be noted that it is not possible to test every single aspect of the Learning Outcomes in any one particular assessment. To prepare properly for the MicroTest, you should make full use of the tuition options where available and read as widely as possible to ensure that all Learning Outcomes have been covered.

Assessment technique: GCLRR

The best approach to multiple choice assessments is to work methodically through the questions. You should not spend too much time on any one question. If you cannot make up your mind, you should leave the question, flagging it to come back to later.

When all of the questions have been answered, it is prudent to use any remaining time to go through each question again, carefully, to double-check that nothing has been missed. Altering just one incorrect response to a correct response could make the difference between passing and failing.

Assessment information

The GCLRR assessment consists of 35 questions, split into sections A and B; and is worth a total of 35 marks.

GCLRR MicroTest specification:

Section	Number of questions	Marks available	Question format
Section A	25 multiple choice questions (MCQs) and 5 multiple response questions (MRQs).	30	This section will test a cross-section of knowledge to achieve breadth of syllabus coverage.
Section B	1 mini scenario with 5 accompanying MCQs.	5	This section will test a cross-section of knowledge to achieve breadth of syllabus coverage.
Total	35	35	

Under exam conditions, 35 minutes is allowed for the GCLRR MicroTest.

When you take your actual MicroTest, you will be sitting online using your own PC/Laptop. You have access to an online scientific calculator, but for the purpose of this test, you may use a non-programmable scientific calculator.

Please note that an asterisk (*) is used to indicate all correct answers (keys) for MCQs and MRQs in the practice assessment.

Questions

SECTION A

Section A is made up of 25 Multiple Choice questions and 5 Multiple Response questions and is worth a total of 30 marks.

25 Multiple choice questions: 25 x 1 mark questions.

5 Multiple response questions: 5 x 1 mark questions.

The purpose of this section is to test a cross-section of knowledge to achieve breadth of syllabus coverage.

1 Question Text:

Intercompany payments managed centrally, are settled through a:

Options

- A* netting centre.
- B procurement centre.
- C re-invoicing centre.
- D clearing centre.

Mark/Score: 1

2 Question Text:

Which of the following best explains the difference between 'ledger cash' and 'available cash' for a multinational group?

Options

- A* Ledger cash shows reported balances, while available cash can be legally and quickly used.
- B Ledger cash excludes overseas balances, while available cash includes global balances.
- C Ledger cash reflects intraday positions, while available cash is measured at month end.
- D Ledger cash is held centrally, while available cash stays within local subsidiaries.

Mark/Score: 1

3 Question Text:

Which type of risk is primarily created by regulatory and political barriers in global treasury operations?

Options

- A* Availability risk by restricting the legal movement of cash across borders.
- B Cost risk by increasing the tax leakage on intercompany transactions.
- C Visibility risk by limiting access to bank reporting systems.
- D Fiduciary risk by breaching directors' duties to local stakeholders.

Mark/Score: 1

4 Question Text:

Which of the following operational issues most directly contributes to poor global cash visibility?

Options

- A* Reliance on non-standardised bank reporting formats.
- B Use of arm's-length pricing for intercompany loan interest charges.
- C Existence of withholding taxes on cross-border dividend payments.
- D Enforcement of capital controls by local central banks.

Mark/Score: 1

5 Question Text:

In which of the following situations is notional pooling the most appropriate liquidity management tool?

Options

- A* Where capital controls or high tax costs make physical cash movement inefficient.
- B Where subsidiaries require immediate funding for group-wide capital expenditure.
- C Where operational fragmentation prevents end-of-day cash sweeping.
- D Where an in-house bank has been fully implemented across the group.

Mark/Score: 1

6 Question Text:

Which of the following is the primary role of a Treasury Management System (TMS) in enhancing global cash availability?

Options

- A* To aggregate bank data providing a single reliable view of liquidity.
- B To replace external banking partners with internal funding arrangements.
- C To eliminate the need for intercompany loan documentation.
- D To guarantee regulatory approval for cross-border cash movements.

Mark/Score: 1

7 Question Text:

How should intercompany loans, within cash pooling structures, be priced at an arm's-length rate?

Options

- A* To comply with tax regulations and mitigate transfer pricing risk.
- B To maximise interest income earned by the parent entity.
- C To avoid the creation of foreign exchange exposure.
- D To remove the requirement for formal loan agreements.

Mark/Score: 1

8 Question Text:

Which of the following is the primary purpose of a treasury policy within a corporate governance framework?

Options

- A* To define responsibilities for the management of financial risks.
- B To maximise treasury profits through active trading strategies.
- C To replace operational procedures used by finance teams.
- D To limit board involvement in day-to-day treasury decisions.

Mark/Score: 1

9 Question Text:

Which of the following responsibilities is typically assigned to the Group Treasurer under a treasury policy?

Options

- A* Reporting relevant exposures to senior management.
- B Approving statutory accounts and external audit reports.
- C Setting corporate business strategy and growth targets.
- D Negotiating local supplier payment terms and conditions.

Mark/Score: 1

10 Question Text:

Which internal control prevents a single individual from controlling an entire treasury transaction?

Options

- A* Segregation of duties across dealing, settlement and accounting roles.
- B Daily reporting of global cash balances to management.
- C Periodic review of treasury policies by the board.
- D Use of benchmark rates for intercompany pricing.

Mark/Score: 1

11 Question Text:

Which principle primarily guides the investment of surplus cash under a treasury policy?

Options

- A* Prioritising security and liquidity before optimising investment yield.
- B Maximising short and long-term yield within approved speculative limits.
- C Matching investment duration and quarterly profit targets.
- D Concentrating deposits with the highest-rated counterparty.

Mark/Score: 1

12 Question Text:

Which of the following is the primary objective of counterparty risk management in treasury operations?

Options

- A* To limit financial loss from counterparty credit deterioration or default.
- B To enhance returns through selective exposure risk-taking with counterparties.
- C To simplify counterparty banking structures by reducing relationship banks.
- D To eliminate the need for netting agreements when dealing with counterparties.

Mark/Score: 1

13 Question Text:

Which of the following is the primary purpose of dual authorisation within treasury payment controls?

Options

- A* To reduce fraud risk by requiring independent approval prior to release of payments.
- B To speed up payment processing by removing manual review steps.
- C To allow system administrators to be able to override standard approval workflows.
- D To centralise all payment initiation within local finance teams.

Mark/Score: 1

14 Question Text:

Which of the following is a direct legal implication of using physical cash pooling within a corporate group?

Options

- A* The creation of interest-bearing intercompany loans between subsidiaries and the header entity.
- B The elimination of transfer pricing requirements for internal funding arrangements.
- C The permanent retention of cash balances within local subsidiary and parent company accounts.
- D The avoidance of legal documentation relating to internal cash movements.

Mark/Score: 1

15 Question Text:

Which of the following is the objective of applying the 'Arm's Length' principle to intercompany loans?

Options

- A* To ensure interest rates reflect market pricing between independent parties.
- B To maximise interest income earned by the treasury centre for the group.
- C To simplify accounting by using a single internal interest rate for all transactions.
- D To remove the need for tax authority engagement and audits.

Mark/Score: 1

16 Question Text:

Which of the following best describes the main feature of notional pooling as a liquidity management technique?

Options

- A* Interest is calculated on a net balance without physically moving cash.
- B Cash balances are physically swept daily into a central master account.
- C Subsidiary accounts are closed and replaced with internal ledgers.
- D Intercompany loans are formalised for every pooled balance.

Mark/Score: 1

17 Question Text:

How can cash pooling improve group Net Interest Income at a consolidated level?

Options

- A* By replacing high external borrowing costs with lower internal funding.
- B By increasing operating revenues through treasury service fees.
- C By accelerating dividend payments from subsidiaries with surpluses.
- D By reducing foreign exchange translation adjustments on cash balances.

Mark/Score: 1

18 Question Text:

When a notional pool is linked to a revolving credit facility, what is the primary financial benefit?

Options

- A* External borrowing is only required for the group's overall net deficit position.
- B Each individual subsidiary can independently draw on the credit facility.
- C Interest is charged daily on all gross overdraft balances separately.
- D Local banks retain full control over subsidiary funding decisions.

Mark/Score: 1

19 Question Text:

How do centralised pooling and intercompany lending improve audit readiness within a corporate group?

Options

- A* By formalising internal funding through documented loans and standardised processes.
- B By allowing subsidiaries full autonomy over internal and external funding decisions.
- C By removing the need for oversight of subsidiary cash and liquidity positions.
- D By decentralising borrowing to reduce reliance on the treasury centre.

Mark/Score: 1

20 Question Text:

Which of the following is the primary objective of liquidity stress testing within treasury management?

Options

- A* To assess how long the organisation can meet obligations under severe financial conditions.
- B To predict the most likely future cash-flow outcomes under normal business conditions.
- C To optimise returns from surplus cash investments during stable market conditions.
- D To eliminate the need for bank provided committed credit facilities and buffers.

Mark/Score: 1

21 Question Text:

Which of the following is the main purpose of reverse stress testing in liquidity risk management?

Options

- A* To identify the scenarios that might utilise cash and cause failure.
- B To estimate cash shortfalls under the most likely forecast conditions.
- C To optimise the mix of committed and uncommitted funding sources.
- D To measure daily liquidity movements during normal trading periods.

Mark/Score: 1

22 Question Text:

Which funding source typically represents the first level in a liquidity waterfall?

Options

- A* Readily available internal cash and short-term cash equivalents.
- B Uncommitted short-term borrowing from wholesale funding markets.
- C Emergency access to equity issuance and making asset disposals.
- D Market-based funding such as commercial paper programmes.

Mark/Score: 1

23 Question Text:

Which scenario type reflects both company-specific issues and broader market disruption?

Options

- A* An integrated scenario combining both individual and market-wide shocks.
- B A deterministic scenario based on historical average cash flows.
- C A sensitivity analysis scenario applied to one isolated cash-flow variable.
- D A base-case forecast scenario assuming stable funding market conditions.

Mark/Score: 1

24 Question Text:

Which of the following is the **PRIMARY** role of a Liquidity Contingency Plan within a stress framework?

Options

- A* To convert adverse-testing results into pre-approved executable actions.
- B To replace cash-flow forecasting with short-term liquidity metrics.
- C To maximise funding flexibility by delaying decision-making authority.
- D To document historical liquidity events for audit and review only.

Mark/Score: 1

25 Question Text:

Why does a credit rating downgrade primarily cause liquidity stress rather than solvency stress?

Options

- A* It restricts funding access and accelerates contractual cash outflows.
- B It immediately destroys the market value of all balance-sheet assets.
- C It forces the company into insolvency through equity write-downs.
- D It permanently eliminates committed credit facilities and covenants.

Mark/Score: 1

26 Question Text:

Which **TWO** of the following activities directly support the visibility stage of global cash management before decisions on cash mobilisation are made?

Options

- A* Consolidating multi-bank balances into a Treasury Management System daily.
- B Calculating intercompany interest on cash pool debit positions monthly.
- C Offsetting subsidiary debit and credit balances through notional pooling structures.
- D* Standardising cash reporting using SWIFT or ISO 20022 bank statement formats.
- E Transferring surplus subsidiary cash to a central account via zero balancing.

Mark/Score: 1

27 Question Text:

Which of the following characteristics are typically associated with notional pooling in a multinational treasury environment?

Select **ALL** that apply.

Options

- A*** Interest is calculated on the net balance without physically moving cash.
- B** Subsidiary balances are swept daily into a single master header account.
- C*** No intercompany loans are created between participating legal entities.
- D** Cash becomes immediately available for group-wide strategic deployment.
- E** Local subsidiary accounts are reduced to target balances, often zero.

Mark/Score: 1

28 Question Text:

Which **TWO** of the following outcomes typically arise when implementing cash pooling and intercompany lending at group level?

Options

- A*** Reduction in consolidated external interest expense through internal funding.
- B** Permanent increase in group revenue through subsidiary interest margins.
- C** Elimination of all foreign exchange volatility across operating entities.
- D*** Internal interest income and expense offset on group financial consolidation.
- E** Recognition of intercompany loan balances as external debt by rating agencies.

Mark/Score: 1

29 Question Text:

Which of the following are regarded as preventive internal controls within a treasury operating framework?

Select **ALL** that apply.

Options

- A*** Separation of transaction initiation, approval and settlement responsibilities.
- B** Periodic matching of internal cash records and external bank statements.
- C*** Requirement for two independent approvals for high-value payment releases.
- D** Post-event investigation of reconciliation differences by internal audit.
- E** Retrospective review of policy breaches during annual control assessments.

Mark/Score: 1

30 Question Text:

Which **TWO** of the following are core objectives of liquidity stress testing within a treasury function? To:

Options

- A*** estimate the survival horizon under severe but plausible liquidity shocks.
- B** forecast expected daily cash balances under normal operating conditions.
- C*** identify funding sources in the order they would be accessed during stress.
- D** maximise short-term interest income from surplus liquidity investments.
- E** optimise capital structure by minimising the weighted average cost of debt.

Mark/Score: 1

SECTION B

Section B consists of 1 case study-based scenario, containing 5 multiple choice questions (MCQs), **worth 1 mark each**.

These questions are all single response MCQs.

Section B will focus on smaller sections of the syllabus and requires more depth of knowledge and application to practice.

Section B – Case Study 7

Owen and Frank (OF) is a US-based private international project management firm that works with government clients to secure infrastructure financing for the purpose of international development.

As the business has grown, OF has established a number of wholly owned subsidiaries and project entities in different developing markets to support local project delivery. These entities hold their own bank accounts and manage local collections and payments, leading to significant cash balances being held outside the US. OF is now evaluating the benefit of centralising cash across its international subsidiaries using a cross-border cash pool.

Furthermore, OF is considering implementing an in-house bank (IHB) to manage intercompany funding. Currently, all cash balance reporting is automated through the interface with its enterprise resource planning (ERP) system. The treasurer has calculated that reducing the daily minimum cash reserve OF holds in its treasury current account could result in annual savings of approximately USD40,000. To manage its funding risks, OF is considering how to structure its banking relationships in new and developing markets, whilst also addressing resilience and potential concerns in relation to likely banking constraints it might encounter.

OF has trapped cash balances in Nigeria denominated in the local currency (NGN). The Central Bank of Nigeria (CBN) places regulatory restrictions on financial flows, but permits intercompany trade payments. The cash manager has been asked to find appropriate ways to reduce OF's NGN balance. To mitigate this risk, OF is conducting a review to assess the benefits of centralising cash management across its international subsidiaries using a cross-border cash pool. As part of this work, OF is also evaluating how to handle foreign exchange risk when funding new subsidiaries in developing markets with volatile local currencies, including decisions on funding in USD versus local currency and whether to use hedging instruments.

31 Question Text:

Which of the following is likely to be the **PRIMARY** benefit highlighted by OF's cash management review?

Options

- A*** It maximises the use of global surplus cash to reduce group-wide funding costs.
- B** It eliminates foreign exchange risk from intercompany balances.
- C** It improves each subsidiary's autonomy over its local bank relationships.
- D** It ensures that all entities have sufficient funds for its daily operations.

Mark/Score: 1

32 Question Text:

The implementation proposed by OF will bring which of the following advantages for the group?

Options

- A*** It centralises internal funding and payment flows, improving funding efficiency.
- B** It ensures that external banks are no longer required in any group transactions.
- C** It allows each subsidiary to choose its own hedging strategies without group oversight.
- D** It automatically eliminates transfer pricing and tax considerations in intercompany transactions.

Mark/Score: 1

33 Question Text:

Which of the following best reflects good treasury practice for managing the risks associated with funding a new subsidiary?

Options

- A*** Use a mix of USD and local currency funding for operating needs and selective hedging for foreign exchange exposures.
- B** Avoid any cross-border funding by requiring the subsidiary to be fully self-financing from local cash flows.
- C** Fund only in the local currency and force local suppliers to invoice in local currency.
- D** Fund entirely in the local currency without any hedging.

Mark/Score: 1

34 Question Text:

Which relationship banking strategy would be the most appropriate for OF given its requirements and concerns?

Options

- A*** Establish a two-bank model with a local bank and the group's global relationship bank.
- B** Manage all payments and collections from headquarters via cross-border transfers.
- C** Rely on a single local bank that offers the lowest transaction fees.
- D** Use the global relationship bank exclusively even if its local presence is weak.

Mark/Score: 1

35 Question Text:

Which of the following treasury strategies being considered by OF is most likely to result in the **LOWEST** financial return?

Options

- A*** Maintaining higher minimum cash reserves in treasury current accounts.
- B** Implementing an in-house bank (IHB) to optimise intercompany funding.
- C** Centralising liquidity using a cross-border cash pool.
- D** Reducing trapped cash balances through intercompany trade payments.

Mark/Score: 1

ACT (Administration) Limited

10 Lower Thames Street

London

EC3R 6AF

www.treasurers.org

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