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**DIPLOMA IN BUSINESS PROCESS
OUTSOURCING - FINANCE AND
ACCOUNTING (DBPOFA)**

Term-End Examination

December, 2015

**BPOI-004 : ORDER TO CASH ACCOUNTS
RECEIVABLE**

Time : 3 hours

Maximum Marks : 100

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- Note :** (i) *Section - I - All questions are compulsory.*
- (ii) *Section - II - Answer any six questions out of eight.*
- (iii) *Section - III - Question No. 11 is compulsory. Answer any three questions from question No. 12 to 16.*
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SECTION - I

All questions are compulsory in this section.

- 1. Fill in the blanks :**
- (a) When the invoices become overdue, _____ are sent to the customers to asking them to pay immediately. **1**
- (b) The cash application team needs _____ and _____ documents to apply cash against the specific invoices. **1**
- (c) The ratio of number of payments actually received to the number of payments committed is called _____. **1**

- (d) If invoicing is not accurate, processes like _____ will suffer. 1
- (e) The US federal law governing the collection activity is called the _____. 1
2. **True or False :**
- (a) After the order is fulfilled the invoice can be generated. 1
- (b) Credit entry in accounting indicates use of funds. 1
- (c) Automatic cell distributor helps save time for the query resolution teams. 1
- (d) The credit review of a new customer is done by the Credit Manager. 1
- (e) Credit check is not an activity that needs to be done again and again. 1

SECTION - II

Attempt **any six** questions out of **eight** :

3. What is a service contract ? 5
4. What are the contents of a Purchase Order ? Briefly explain the importance of PO. 5
5. What are the key metrics used to measure performance of Customer setup team. 5
6. What are different types of invoices in the invoicing process ? 5
7. Write the Journal entries for the following O2C transaction :
- (a) Customer returns 10 tons of stock due to poor quality (eg ₹ 1000 per ton). 2.5
- (b) ABC Ltd pays the complete amount of ₹ 42900 in full. 2.5
8. Explain the term in O2C cycle. 5
- (a) Credit limit.
- (b) Credit period.

9. Explain the following ratios in the collection pyramid.
(a) Promise rate. 2.5
(b) Left rate. 2.5
10. Explain the collection process in O2C cycle diagrammatically. 5

SECTION - III

(Question No. 11 is **compulsory**, answer **any three** questions from 12 to 16)

11. Why is order management critical to O2C cycle ? List all the activities when the order management team receives a customers order. 15
12. Explain the Cash Application Process through Flow Diagram. Explain the process in detail. 15
13. Explain the importance of O2C to business and consequences of poorly managed O2C process. 15
14. Explain the risks involved in order to cash process ? How are these risks mitigated ? 15
15. What are the quality checks implemented in the O2C cycle for the following ? 3x5
(a) Order management.
(b) Customer query resolution.
(c) Credit check/review.
16. When the order management team receives a customer's order, what does it do ? List all the activities up to invoicing the customer. 15
