

00592

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

Term-End Examination

December, 2016

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

Time : 3 hours

Maximum Marks : 100

Note : Attempt all three sections.

SECTION - A

All questions in this section are **compulsory**.

1. State whether the following statements are **true/false**. **5x1=5**
- (a) If the collections are not done in time then the business needs to make provisions for bad debts.
 - (b) Dunning letters are sent before the legal notice.
 - (c) For good control, the credit department and sales department should be kept functionally separate.
 - (d) Suspense account balance is an indicator of the cash application performance.
 - (e) Credit risk is mitigated by doing a proper credit review of the customer.

2. Fill in the blanks :

5x1=5

- (a) The ratio of the number of payment commitments received to total no. of calls made to the right parties is called _____.
- (b) A sale is not a sale until _____ is received. Till then it is a _____ to the customer.
- (c) When the invoices become overdue, _____ are sent to the customers to asking them to pay immediately.
- (d) The maintenance of sales related documentation to enable revenue recognition is the responsibility of _____.
- (e) If invoicing is not accurate like _____ will suffer.

SECTION - B

Answer **any six** out of **eight** of the following questions :

- 3. Explain the term Credit Memo and Dunning Letters. **5**
- 4. Explain the responsibilities of the following stakeholders in the O2C Process : **5**
 - (a) Sales
 - (b) Order Management
 - (c) Credit
 - (d) Accounts Receivable
- 5. State the metrics that are used to measure the performance of the credit review process. **5**

6. Explain the role of a collection agent in collecting the dues for the seller. 5
7. Explain the responsibilities of the order management team. 5
8. Explain the risks involved in the O2C process. How are these risks mitigated ? 5
9. Explain the consequences of poor quality control. 5
10. Briefly explain the collection Pyramid in O2C Cycle. 5

SECTION - C

Answer any three out of five of the following questions :

11. Explain the quality checks for various stages in the O2C Cycle. 20
12. (a) Explain the Credit limit and Credit period.
(b) Explain the Credit review and approval. 10x2=20
13. Explain diagrammatically the process of O2C. 20

14. Explain the stages in order to cash : **10x2=20**
- (a) Process
 - (b) Explain the credit review and order management briefly.
15. Explain the use of the following source documents **20**
in the O2C Cycle :
- (a) Sales Order
 - (b) Invoice
 - (c) Credit note
 - (d) Purchase Order (Customer's)
 - (e) Remittance advice
-