

**DIPLOMA IN BUSINESS PROCESS
OUTSOURCING F & A PROGRAMME**

Term-End Examination

December, 2011

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

Time : 3 hours

Maximum Marks : 100

Note : *Section - I : All questions are compulsory.*

Section - II : Any 6 questions out of 8.

*Section - III : Question No. 11 is compulsory. Any
3 questions from questions 12 to 16.*

SECTION - I

All questions are compulsory in this section : **10**

1. Fill in the blanks :

- (a) The _____ team converts the purchase order from the customer to a _____ and forwards it to its production department or warehouse. **(1/2+1/2)=1**
- (b) Most of the CFO's of fortune 500 companies **1** have the metrics of _____ as a part of their Scorecard and monitor it as closely.
- (c) _____ letters are sent by sellers to **1** remind the customer to make their payment.

- (d) The cash applications team needs _____ and _____ documents to apply cash against specific invoices. $\frac{1}{2} + \frac{1}{2} = 1$
- (e) _____ is the most important quality measure for the customer setup process. 1

2. True or False :

- (a) For credit review team the most important performance metrics are accuracy and then around time. 1
- (b) Work flow can be used to trade and manage a large number of transactions. 1
- (c) Suspense account balance is an indicator of cash application performance. 1
- (d) Credit entry in accounting indicates use of funds. 1
- (e) Penetration rate is the number of right parties contacted of the total calls made. 1

SECTION - II

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

3. Explain the key metrics used to measure the performance of the query resolution team. 5
4. State and explain the responsibilities of different players in the order to cash process ? 5
5. Explain the use of following source documents in the order to cash cycle : $2\frac{1}{2}+2\frac{1}{2}$
 - (a) Credit note
 - (b) Remittance advice
6. Why should we record the case history of all the collections related communication made with the customer. 5
7. What are the key metrics used to measure performance of cash application team. 5
8. Write the journal entries for the following order to cash transaction : $2\frac{1}{2}+2\frac{1}{2}$
 - (a) Created a provision for bad debts (\$ 1000)
 - (b) Wallace partner returned the goods (\$ 500)
9. Explain the use of the following tools in the context of order to cash cycle : $2\frac{1}{2}+2\frac{1}{2}$
 - (a) Automatic call distributor
 - (b) Document management system
10. Describe the consequences of poor quality contract in the order to cash process ? 5

SECTION - III

Question 11 is *compulsory* and *any three* questions from 12 to 16.

11. Explain the risk involved in the order to cash process. How are the risks Mitigated ? 15
 12. Explain how quality controls are implemented in various stages of the order to cash cycle ? 15
 13. Explain the 'collection pyramid'. 15
 14. When the order management team receives a customers' order, what does it do ? List all the activities up involving the customer. 15
 15. What are the controls required in the customer account set up ? 15
 16. What is the importance of credit review process in the order to cash cycle ? Also explain why it should be segregated from sales function ? 15
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