

00506

**DIPLOMA IN BUSINESS PROCESS
OUTSOURCING (F & A)**

Term-End Examination

June, 2011

BPOI-004 : ORDER TO CASH

Time : 3 hours

Maximum Marks : 100

Note : *This question paper comprises of **three** sections.*

*Attempt **all** the sections.*

SECTION - A

1. Fill in the blanks : **5x1=5**

- (a) _____ is the process of raising _____ for goods and services provided to the customer.
- (b) _____ is the ratio of Current Assets to _____ liabilities of a business.
- (c) When repeated collections attempt fail to receive customer payment, the case is referred to a _____.
- (d) In the US, the collection activity is governed by a federal law called the _____.
- (e) The ratio of the number of payment commitments received to total number of calls made to right parties is called _____.

2. State whether the following statements are *True or False* : 5x1=5

- (a) Cash application is the process for recognising a customer payment against the correct customer account and invoice.
- (b) As per the duality principle of accounting, for a business source of funds is always equal to cash out flow.
- (c) Each client that goes for outsourcing of their O2C process uses ERP packages available like SAP, Oracle.
- (d) Formula for Average collection period
$$\frac{\text{Average AR during accounting period}}{\text{Total credit sales during the period}}$$
- (e) Two important metrics of the Credit Review team are cash collection and cash application.

SECTION - B

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

3. Explain partial credit Note and full credit Note. 2½+2½
4. Draw Invoicing Process flow chart. 5
5. What is collection pyramid ? What are the different stages of the pyramid ? 1+4
6. What is the objective of the month end process in AR ? What are the Accounts Receivables month end activities ? 1+4
7. Explain Dunning Letter and Legal Notice. 2½+2½
8. What is the difference between Purchase Order and Sales Order ? 5
9. Briefly explain Credit Limit and Credit Period. 2½+2½
10. Explain briefly the performance measurement of the credit review team. 5

SECTION - C

Answer *any three* out of five of the following questions, including question *No. 14* which is *compulsory*.

11. Explain in detail the O2C query resolution process. Draw the process flow chart. Detail the Performance Measurement of the query resolution team. **10+5+5**

12. Explain in detail the Cash Application Process. Draw the process flow chart. Detail the Performance Measurement of the Cash Application team. **7¹/₂+5+7¹/₂**

13. Detail the various Risks associated with O2C cycle. Explain in detail the Customer Refund Process in Accounts Receivables. **10+10**

14. Which are the five different departments in Order to Cash ? Explain the role of each in detail. **20**

15. Explain in detail the tools used for collection. Detail the performance measurement of the collection team. **10+10**

