BPOI-004/BPOI-104

DIPLOMA IN BUSINESS PROCESS OUTSOURCING – FINANCE AND ACCOUNTING (DBPOFA)

Term-End Examination

June, 2022

BPOI-004/BPOI-104 : ORDER TO CASH – ACCOUNTS RECEIVABLE

Time : 3 hours　　　　　　　　*Maximum Marks : 100*

Note :

*Section I　– **All** questions are **compulsory**.*

*Section II　– Answer any **six** questions out of eight.*

*Section III – Question no. **11** is **compulsory**. Answer any **three** questions from the rest.*

SECTION I

1. Fill in the blanks.　　　　　　　*5×1=5*

    (a) The credit function is also cynically called as the _____ department.　　*1*

    (b) _____ is the process of assessing the customer's ability to pay his dues in time.　*1*

    (c) TAT means _____.　　　　*1*

    (d) _____ are made to the customer to ensure timely payment of dues.　*1*

    (e) The full form of FDCPA is _____.　*1*

2. State whether the following statements are *True* or *False* :   *5×1=5*

(a) Quality results in higher costs but it needs to be maintained.   *1*

(b) Risk is the level of certainity of an outcome.   *1*

(c) Suspense Account balance is an indicator of the cash application performance.   *1*

(d) One of the responsibilities of the Order Management team is to facilitate revenue recognition.   *1*

(e) Before a customer account is set up, it should be checked for duplicate IDs.   *1*

SECTION II

*Answer any **six** questions out of eight.*

3. Write short notes on the following : $2 \times 2\frac{1}{2} = 5$
    (a) Collections
    (b) Accounts Receivable (AR)

4. What are the metrics that are tracked and reported from the invoicing process ?   *5*

5. Briefly explain any two tools that have been used for the purpose of collection.   *5*

6. Write Journal Entries for the following transactions in O2C cycle : $2 \times 2\frac{1}{2} = 5$
    (a) Sold goods for cash (₹ 10,000)
    (b) Sold goods on credit to ABC (₹ 30,000)

7. Explain any two risks associated with an O2C cycle.   *5*

8. Write short notes on the following : $2 \times 2\frac{1}{2} = 5$
    (a) Partial Credit Note
    (b) Full Credit Note

9. Differentiate between 'Credit Limit' and 'Credit Period'.   *5*

10. Explain the responsibility of collections being one of the stakeholders in the O2C process.   *5*

SECTION III

*Question no. **11** is **compulsory**. Answer any **three** questions from the rest.*

11. Write Journal Entries for the following Order to Cash transactions : $6 \times 2\frac{1}{2} = 15$

    (a)   Sold goods for cash (₹ 20,000)

    (b)   Vishal and his company paid ₹ 2,00,000 to settle dues

    (c)   Vishal and Company paid the invoice (₹ 5,00,000)

    (d)   Confirmed Purchase Order (PO) to the customer

    (e)   Rajbir returned goods (₹ 1,00,000)

    (f)   Received an advance payment from Vishal and Company for the maintenance services to be provided in the coming quarter (₹ 1,20,000)

12. Explain the quality checks for the following stages : $3 \times 5 = 15$

    (a)   Credit Check/Review

    (b)   Customer Set-up

    (c)   Order Management

13. Explain the following terms : $3 \times 5 = 15$

    (a)   Purchase Order

    (b)   Sales Order

    (c)   Bank Statements

14. Why is Order Management critical to O2C cycle ? List all the activities when the Order Management team receives a customer's order.   *15*

15. Give the accounting treatment of various transactions involved in O2C process.   *15*

16. Explain any ***three*** of the following rates in the Collection Pyramid :   *3×5=15*

    (a)   Penetration Rate

    (b)   Contact Rate

    (c)   Promise Rate

    (d)   Kept Rate

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