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Unit 8 - Week 7

Course
outline

How to access
the portal

Week 1

Week 2

Week 3

Week 4

Week 5

Week 6

Week 7

Motives of
Credit Sale- I
(unit?
unit=47&lesson=48)

Motives of
Credit Sale- II
(unit?
unit=47&lesson=49)

Limitations of
Credit Time

Assignment 7

The due date for submitting this assignment has passed. **Due on 2019-09-18, 23:59 IST.**
As per our records you have not submitted this assignment.

1) What is the motive of the buyers to delay payments? **1 point**

- He wants to maximize the time value of money
- He wants to minimize the time value of money
- He doesn't want to change the time value of money
- None of the above

No, the answer is incorrect.

Score: 0

Accepted Answers:

He wants to minimize the time value of money

2) Which of the following is/are the financial motives of the seller? **1 point**

- Investment of surplus cash
- Financial market tariff
- Price discrimination
- All of the above

No, the answer is incorrect.

Score: 0

Accepted Answers:

All of the above

3) The basis of decision making under incremental analysis used to evaluate investment in receivables is: **1 point**

Period (unit?
unit=47&lesson=50)

Written Credit Policy- I (unit?
unit=47&lesson=51)

Written Credit Policy- II (unit?
unit=47&lesson=52)

Quiz :
Assignment 7
(assessment?
name=109)

Solution for Assignment 7 (unit?
unit=47&lesson=122)

Week 8

Week 9

Week 10

Week 11

Week 12

WEEKLY
FEEDBACK

DOWNLOAD
VIDEOS

- Incremental rate of return on an investment in receivables is equal to or greater than incremental cost of funds used to finance the receivables
- Incremental rate of return on an investment in receivables is lesser to or greater than incremental cost of funds used to finance the receivables
- Incremental rate of return on an investment in receivables is maximum or greater than incremental cost of funds used to finance the receivables
- Incremental rate of return on an investment in receivables is optimum or greater than incremental cost of funds used to finance the receivables

No, the answer is incorrect.

Score: 0

Accepted Answers:

Incremental rate of return on an investment in receivables is equal to or greater than incremental cost of funds used to finance the receivables

4) Which among the following is/are a reason behind the operating motive of creating Accounts Receivables by sellers? **1 point**

- To treat A/Rs as promotional cost
- To break into a new/competitive market
- To adjust manufacturing process
- All of the above

No, the answer is incorrect.

Score: 0

Accepted Answers:

To adjust manufacturing process

5) Which among the following is not a reason behind the financial motive of creating Accounts Receivables by sellers? **1 point**

- To invest surplus cash
- To push the product
- To motivate distribution channels
- To increase the monitoring and carrying Cost

No, the answer is incorrect.

Score: 0

Accepted Answers:

To increase the monitoring and carrying Cost

6) Which among the following is/are a reason behind the marketing motive of creating Accounts Receivables by sellers? **1 point**

- To form customer queues or product queues
- To break into a new/competitive market
- To push the product
- All of the above

No, the answer is incorrect.

Score: 0

Accepted Answers:

To break into a new/competitive market

7) Which of the followings is/are factored in the model for determining maximum length of credit period? **1 point**

- Credit period immediately before the NPV becomes negative
- Credit period immediately after NPV becomes negative

- Credit period before which NPV is ZERO
- All of the above

No, the answer is incorrect.
Score: 0

Accepted Answers:

Credit period immediately before the NPV becomes negative

8) Who developed the model of devising written credit policy by the firms? **1 point**

- R.J. Smith
- B.K. Smith
- K. V. Smith
- None of the above

No, the answer is incorrect.
Score: 0

Accepted Answers:

K. V. Smith

9) Which one of the followings is the limitation of extending credit for unlimited period? **1 point**

- Minimum cost consideration
- Maximum cost consideration
- Marginal cost consideration
- All of the above

No, the answer is incorrect.
Score: 0

Accepted Answers:

Marginal cost consideration

10) Credit Risk Analysis involves: **1 point**

- Analysis of operating structure
- Analysis of Financial Structure
- Analysis of Managerial Structure
- All of the above

No, the answer is incorrect.
Score: 0

Accepted Answers:

All of the above

11) The risk-return trade off involved in a more restrictive credit policy means fewer sales, but as a result the customers tend to be paying more quickly on average' **1 point**

- True
- False
- May be
- Can't say

No, the answer is incorrect.
Score: 0

Accepted Answers:

True

12) A decrease in firm's receivables turnover ratio indicates: **1 point**

- Sales have gone up
- Inventories have gone down

- It is collecting credit sales more quickly than before
- It is collecting credit sales more slowly than before

No, the answer is incorrect.

Score: 0

Accepted Answers:

It is collecting credit sales more slowly than before