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
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?

- 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?

- 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?

- 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?

- Credit period immediately before the NPV becomes negative
- Credit period immediately after NPV becomes negative
8) Who developed the model of devising written credit policy by the firms?  
   - 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?  
   - 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:  
   - 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 am more restrictive credit policy means fewer sales, but as a result the customers tend to be paying more quickly on average'  
   - 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:  
   - Sales have gone up  
   - Inventories have gone down
No, the answer is incorrect.
Score: 0
Accepted Answers:
It is collecting credit sales more slowly than before