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Unit 9 - Week 8

Course outline

How to access the portal

Week 1

Week 2

Week 3

Week 4

Week 5

Week 6

Week 7

Week 8

- Goals and Functions of Accounts Receivables Management (unit? unit=53&lesson=54)

- Valuation of Receivables at

Assignment 8

The due date for submitting this assignment has passed. **Due on 2019-09-25, 23:59 IST.**
As per our records you have not submitted this assignment.

1) Which of the following is/are the functions of accounts receivables management? **1 point**

- Setting out credit terms
- Installing appropriate collection and monitoring system
- Financing the receivables for maximizing the firm's value
- All of the above

No, the answer is incorrect.

Score: 0

Accepted Answers:

All of the above

2) What is the current rule of thumb for current ratio? **1 point**

- 2:1
- 1.33:1
- 1:1
- 1.45:1

No, the answer is incorrect.

Score: 0

Accepted Answers:

1.33:1

3) A firm resort to easier credit policy in the short run when: **1 point**

- The firm has to move the piled-up inventory

Cost or Sales Value (unit? unit=53&lesson=55)

Credit Policy Changes- I (unit? unit=53&lesson=56)

Credit Policy Changes- II (unit? unit=53&lesson=57)

Credit Policy Changes- III (unit? unit=53&lesson=58)

Quiz : Assignment 8 (assessment? name=110)

Solution for Assignment 8 (unit? unit=53&lesson=123)

Week 9

Week 10

Week 11

Week 12

WEEKLY FEEDBACK

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- The firm has to park additional cash flows in receivables rather than in marketable securities
- Both a & b
- None of the above

No, the answer is incorrect.

Score: 0

Accepted Answers:

Both a & b

4) Credit sales as a proportion of total sales is indicated by: **1 point**

- Receivables turnover ratio
- Creditors turnover ratio
- Debt Equity ratio
- Debt- Service Coverage ratio

No, the answer is incorrect.

Score: 0

Accepted Answers:

Receivables turnover ratio

5) 'To accelerate the turnover of receivables a firm may lengthen the discount period' **1 point**

- True
- False
- May Be
- Can't Say

No, the answer is incorrect.

Score: 0

Accepted Answers:

False

6) Which of the followings define credit standards in a better possible way? **1 point**

- The credit terms issued by the firms that are used to determine if a potential borrower is creditworthy or not.
- The guidelines issued by the firms that are used to determine if a potential borrower is creditworthy or not.
- The methods devised by the firms that are used to determine if a potential borrower is creditworthy or not.
- The ratios identified by the firms that are used to determine if a potential borrower is creditworthy or not.

No, the answer is incorrect.

Score: 0

Accepted Answers:

The guidelines issued by the firms that are used to determine if a potential borrower is creditworthy or not.

7) What are the different methods to seek bank finance to finance credit sales? **1 point**

- Cash- credit limit
- Discounting of credit sales bills
- Working capital loans
- All of the above

No, the answer is incorrect.

Score: 0

Accepted Answers:

All of the above

8) While calculating the acid test ratio inventory is excluded from current assets but accounts receivables are not why? **1 point**

- Accounts receivables are less liquid as compared to inventory
- Accounts receivables are more liquid as compared to inventory
- Accounts receivables & inventory are equally liquid
- None of the above

No, the answer is incorrect.

Score: 0

Accepted Answers:

Accounts receivables are more liquid as compared to inventory

9) What is indicated as 2/10, net 30? **1 point**

- Credit Standards
- Credit rules
- Credit methods
- Cash discount

No, the answer is incorrect.

Score: 0

Accepted Answers:

Cash discount

10) The expression "1/10, net 30" means that the customers receive a 10 percent discount if they pay within 1 day; otherwise, they must pay within 30 days with no discount. **1 point**

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

No, the answer is incorrect.

Score: 0

Accepted Answers:

False

11) What is the main criteria of deciding whether receivables be valued at cost or selling price? **1 point**

- Comparing maximum profitability from additional sales to cost of accounts receivables
- Comparing minimum profitability from additional sales to cost of accounts receivables.
- Comparing marginal profitability from additional sales to marginal cost of accounts receivables.
- None of the above

No, the answer is incorrect.

Score: 0

Accepted Answers:

Comparing marginal profitability from additional sales to marginal cost of accounts receivables.

12) The deciding factor to grant credit or reject credit under the model given by Smith is: **1 point**

- Maximum weighted value of the outcome
- Aggregate weighted value of the outcome
- Reasonable weighted value of the outcome
- Acceptable weighted value of the outcome

No, the answer is incorrect.

Score: 0

Accepted Answers:

Aggregate weighted value of the outcome

