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?  
   - 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? 
   - 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: 
   - The firm has to move the piled-up inventory
1) 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:
   - 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’
   - 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?
   - 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?
   - 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?

- 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?  

- 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.

- 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?

- 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:

- 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