

Section-1

Ques^o-1

Ans^o-1 The size of investment in receivable is influenced by numbers of factors.

Among them two factors, the value of credit sales, and the average length of time between sales and collection are important.

* What are the factors influencing the size of receivable?

Factors affecting size of Receivable:
Policies of managing Accounting Receivable;

* Factor # 1. Level of sales: The primary factor in determining the value.

of debtors / receivable is the level credit sales.

* factor # 2: Terms of trade

* factor # 3: Credit policy.

* What are the factors in determining accounts receivable policy?

The important dimensions of a firm's credit policy are credit standard, credit, cash discount and collection effort.

These variables are related and have a bearing on the level of bad debt loss, discount taken by sales customers and collection expense.