

2.) Optical Supply Company offers credit terms of 2/10, net 60. If Optical Supply is considering a change in its credit terms to one of those indicated, explain whether the change should increase or decrease sales. (a) 2/10, net 30, (b) net 60, (c) 3/15, net 60, (d) 2/10, net 30, 30 extra

a) 2/10 net 30 will decrease sales because it is imperative that it be paid back within 30 days instead of the net of 60 days

b) net 60 days will decrease sales because it offers no additional incentive for paying within 10 days

c) 3/15 net 60 will increase sales because it increases the percentage of discount and also increases the discount period

d) 2/10 net 30, 30 extra should have no change to sales because it is equal to 2/10 with a net of 60 days.