



kasneb

CCP PART I SECTION 1

CREDIT MANAGEMENT

MONDAY: 30 August 2021.

Time Allowed: 3 hours.

Answer ALL questions. Marks allocated to each question are shown at the end of the question.

QUESTION ONE

- (a) (i) Describe the term credit risk based lending. (3 marks)
- (ii) Summarise five main objectives of an effective credit risk review system. (5 marks)
- (b) Suggest four types of information that credit department might require from sales department. (4 marks)
- (c) Explain the following payment methods used in consumer credit business:
- (i) Matching payment dates with income. (2 marks)
- (ii) Standing orders. (2 marks)
- (iii) Credit and charge cards. (2 marks)
- (iv) Cheques and cash. (2 marks)

(Total: 20 marks)

QUESTION TWO

- (a) Highlight eight most common debt collection errors. (8 marks)
- (b) Outline six major uses of sales ledger. (6 marks)
- (c) Suggest three techniques that could be applied to make customer statements more effective. (6 marks)

(Total: 20 marks)

QUESTION THREE

- (a) Enumerate four documents that could be required from a borrower who is a limited company. (4 marks)
- (b) Discuss three measures that should be undertaken when accepting personal cheques as a mode of payment. (6 marks)
- (c) Analyse five conditions that should be fulfilled in an export credit contract. (10 marks)

(Total: 20 marks)

QUESTION FOUR

- (a) Describe three types of credit insurance policies. (6 marks)
- (b) Credit department is the heart of finance in any organisation.

Required:

- (i) Distinguish between “centralised structure” and “decentralised structure” types of credit departments. (4 marks)
- (ii) Highlight three advantages of centralised structure. (3 marks)
- (c) Summarise seven factors to consider when designing a credit policy. (7 marks)

(Total: 20 marks)

QUESTION FIVE

- (a) Discuss five effects of Covid-19 pandemic on accounts receivable management. (10 marks)
- (b) Describe five sources of appraisal information for a loan applicant. (10 marks)

(Total: 20 marks)

.....