kasneb

CCP PART I SECTION 1

CREDIT MANAGEMENT

MONDAY: 21 May 2018.   **Time Allowed: 3 hours.**

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

QUESTION ONE
(a)   Describe three techniques that could be used to offset currency risk.   (6 marks)

(b)   (i)   Explain the term credit information sharing (CIS).   (2 marks)

        (ii)   Analyse four benefits of credit information sharing to the customer.   (8 marks)

(c)   Assess four kinds of information required by the insurer about the supplier's business before insuring his accounts
        receivables.   (4 marks)
                                                                                     (Total: 20 marks)

QUESTION TWO
(a)   Examine three challenges that could have hindered the growth of e-commerce in your country.   (6 marks)

(b)   Explain how extending credit to customers could impact on your business based on:

        (i)   Costs.   (3 marks)

        (ii)   Profits.   (2 marks)

        (iii)   Liquidity.   (2 marks)

(c)   Outline seven actions that should be undertaken by a debt collector before and during debt collection visit.   (7 marks)
                                                                                     (Total: 20 marks)

QUESTION THREE
(a)   With reference to debt collection through legal process, highlight five options available to a defendant upon being
        served with the claim.   (5 marks)

(b)   Distinguish between "loan rewrite" and "loan postponement" as used in credit management.   (4 marks)

(c)   Discuss three demerits of a back-office model of a credit department.   (6 marks)

(d)   Describe five types of Days Sales Outstanding (DSO) used in measuring the quality of debtors in a credit department.
                                                                                                 (5 marks)
                                                                                     (Total: 20 marks)

QUESTION FOUR
(a)   (i)   Describe the term "digital lending".   (2 marks)

        (ii)   Highlight four advantages of digital lending.   (4 marks)

(b)   Analyse five characteristics of a revolving credit.   (10 marks)

(c)   Explain four roles of sales representative reports in credit risk assessment.   (4 marks)
                                                                                     (Total: 20 marks)

QUESTION FIVE

(a) (i) Explain the term "conservative credit policy".   (2 marks)

     (ii) Highlight five characteristics of companies that adopt conservative credit policy.   (5 marks)

(b) Discuss four benefits of a sales ledger.   (8 marks)

(c) Analyse five non-financial factors that a credit controller should consider in consumer credit.   (5 marks)
                                                                           (Total: 20 marks)

....