kasneb

CCP PART I SECTION 1

CREDIT MANAGEMENT

TUESDAY: 26 November 2019.   Time Allowed: 3 hours.

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

QUESTION ONE
(a)   Highlight four advantages of creating a company's internal debt collection unit.   (4 marks)

(b)   Explain four benefits of trade credit insurance to the suppliers.   (8 marks)

(c)   Discuss four stages of the credit appraisal process of a customer.   (8 marks)
                                                                                    (Total: 20 marks)

QUESTION TWO
(a)   Enumerate four contents of a well written credit policy.   (8 marks)

(b)   Describe six factors to consider when formulating credit terms.   (6 marks)

(c)   Outline six benefits of effectively managing accounts receivable.   (6 marks)
                                                                                    (Total: 20 marks)

QUESTION THREE
(a)   Discuss three best practice guidelines for managing credit risk in commercial banks.   (6 marks)

(b)   "Payment plans should be negotiated only when a customer cannot pay all the past due amount within a 30-day time frame".

        With reference to the above statement:

        (i)   Enumerate two objectives of negotiating a payment plan.   (2 marks)

        (ii)   Explain six key steps in a payment negotiation plan.   (6 marks)

(c)   (i)   Explain the term "accounts receivable ageing schedule".   (2 marks)

        (ii)   Identify four major columns in an accounts receivable ageing schedule.   (4 marks)
                                                                                    (Total: 20 marks)

QUESTION FOUR
(a)   Describe six features of a good billing management system.   (6 marks)

(b)   Identify six indicators of a cash strained business.   (6 marks)

(c)   Explain eight responsibilities of a credit manager.   (8 marks)
                                                                                    (Total: 20 marks)

QUESTION FIVE
(a)   Analyse three payment methods commonly used in trade credit.   (6 marks)

(b)   Propose five benefits of using brokers when purchasing credit insurance policies.   (10 marks)

(c)   Highlight four characteristic of a good credit proposal.   (4 marks)
                                                                                    (Total: 20 marks)

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