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CCP PART I SECTION 1
CREDIT MANAGEMENT

MONDAY: 23 November 2020.

Time Allowed: 3 hours.

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

QUESTION ONE

- (a) Discuss five main areas of credit department operations. (10 marks)
- (b) Describe five risks covered by export credit insurance. (5 marks)
- (c) Analyse five objectives of credit management. (5 marks)
- (Total: 20 marks)**

QUESTION TWO

- (a) Identify five contents of a sales ledger. (5 marks)
- (b) Explain the following credit terms:
- (i) (Net) monthly account. (2 marks)
- (ii) 30 (or 60 or 90) days. (2 marks)
- (c) Explain the following terms as used in credit management:
- (i) Stage payment. (2 marks)
- (ii) 80/20 rule. (2 marks)
- (iii) Monthly account. (2 marks)
- (d) Analyse five factors that a credit manager should consider when hiring a third party collection agency. (5 marks)
- (Total: 20 marks)**

QUESTION THREE

- (a) Describe six types of customer information that a good management system should provide on real-time basis. (6 marks)
- (b) Discuss four risks related to online payment methods. (8 marks)
- (c) Explain three types of mistakes that a collection officer should avoid when collecting debts. (6 marks)
- (Total: 20 marks)**

QUESTION FOUR

- (a) Differentiate between "credit policies" and "credit procedures". (4 marks)
- (b) Analyse five factors that a credit manager should consider before suing a debtor for recovery. (10 marks)
- (c) State three shortcomings of using ratios in credit assessment. (6 marks)
- (Total: 20 marks)**

QUESTION FIVE

- (a) Analyse five renegotiated methods used by a lender to manage problem loans. (10 marks)
- (b) Credit analysts evaluate the risk factors that may influence loan applications and approvals. In this regard, they are in charge of collecting and examining the financial background of applicants.

With reference to the above statement, describe five daily tasks undertaken by a credit analyst. (10 marks)

(Total: 20 marks)

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