



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)

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