



GRETSA UNIVERSITY - THIKA

UNIVERSITY EXAMINATIONS JANUARY – APRIL 2017 SEMESTER

BACHELOR OF COMMERCE

COURSE CODE: BCCR 403

COURSE TITLE: PRINCIPLES AND PRACTICE OF DEBT RECOVERY

DATE: 6 APRIL 2017

TIME: 11.30 AM – 2.30 PM

INSTRUCTIONS TO CANDIDATES

1. SECTION A IS **COMPULSORY**.
2. SECTION B: ANSWER ANY OTHER **THREE** QUESTIONS.
3. **DO NOT** WRITE ANYTHING ON THIS QUESTION PAPER AS IT WILL BE AN EXAM IRREGULARITY.
4. ALL ROUGH WORK SHOULD BE AT THE BACK OF YOUR ANSWER BOOKLET AND CROSSED OUT.

CAUTION: All exam rooms are under CCTV surveillance during the examination period.

SECTION A

QUESTION ONE

Huawei technology Limited is an established company offering solutions to information technology problems. You are the credit manager and the company has been experiencing financial problems recently due to reduced orders;

- (a) What are the alternative methods used by an insolvent debtor to avoid bankruptcy? (12mks)
- (b) Discuss the factors which contribute to the dissolution of committee of inspection representing creditors (10mks)
- (c) What are the advantages to a creditor of rescheduling debtor payments? (10mks)
- (d) Explain the various enforcement actions available to the creditor (8mks)

SECTION B

QUESTION TWO

Makaazi Limited is a registered building company based in Kenya. The owners of the company have come out of serious debt following the Government relaxation on taxation policies;

- (a) Discuss the effects of discharge from bankruptcy (12mks)
- (b) Explain the duties of a trustee in corporate insolvency (8mks)

QUESTION THREE

Nelson and Patrick are partners in a law firm specializing in debt recovery and consultancy services in the same field. As a partner in the company, you have been assigned duties to assist clients on various queries;

- (a) Explain the information contained in a letter of claim (12mks)
- (b) Describe the possible outcomes from hearing a bankruptcy petition (8mks)

QUESTION FOUR

You have joined Milele Limited a firm of highly qualified and experienced debt collectors in the country as an assistant credit manager,

- (a) Identify the contents of the statement of affairs during the winding up of a company by a court (12mks)

- (b) Explain the reasons for withdrawing an insolvency practitioners license (8mks)

QUESTION FIVE

Your Company has been trading with Molo dairy limited subject to terms and conditions to supply raw materials to Mwakazi bakers limited. A director of Mwakazi limited was committed to civil jail for failing to pay your company after a long court case;

- (a) Explain the reasons for committing a judgement debtor to civil jail (8mks)
(b) Discuss the disadvantages of using Garnishee orders (12mks)