



GRETSA UNIVERSITY - THIKA

UNIVERSITY EXAMINATIONS JANUARY – APRIL 2019 SEMESTER

CERTIFICATE IN BUSINESS MANAGEMENT

COURSE CODE: CICM 002

COURSE TITLE: LAWS OF CREDIT MANAGEMENT

DATE: 9 APRIL 2019

TIME: 3.00 PM – 6.00 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: COMPULSORY

Question One

- a) The overall credit department in an organization should have a collections department. Explain the various units that make up the collections department. **[10 marks]**
- b) [Technology has been integrated in debt collection methods and has become very helpful. Explain how I.T systems are used as an aid to collections. **[10 marks]**
- c) Various departments exist within an organization. Explain the role of the credit department. **[10 marks]**
- d) In credit management, it is said that the volume of transactions heavily depend on how quickly credit is being turned into money. This has its advantages. Explain the advantages of giving credit. **[10 marks]**

SECTION B: ANSWER ANY THREE QUESTIONS

Question Two

- a) There are various hidden costs that are there in credit management and are often referred to as cost of credit. Explain these costs. **[10 marks]**
- b) There are several ways in which credit can be financed. Explain these ways **[10marks]**

Question Three

- a) The main objective of any credit department is to provide the best returns for the company. Explain five functions of the credit department. **[10 marks]**
- b) The credit manager plays a very important role in an organization. Explain five roles of a credit manager. **[10 marks]**

Question Four

- a) Mr Owino wants to employ a credit manager and he wants to find out from you the important personal qualities he should look out for. **[10 marks]**
- b) Centralization of a credit department can exist where a company has a network of various branches. Explain the advantages of Centralization. **[10 marks]**

Question Five

- a) There are various documents, records and reports used in the credit department to facilitate provision of service. Explain five of these documents. **[10 marks]**
- b) Customer files are very important to maintain both for current and future use by the credit department. Explain some of the things that a customer file should contain. **[10 marks]**