



UNIVERSITY  
OF  
JOHANNESBURG

Department of Commercial Accounting

**CREDIT CONTROL 1B - (BCC11B1)**  
**CREDIT MANAGEMENT 1B - (CRM11B1)**

**SOWETO CAMPUS**

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**FINAL ASSESSMENT OPPORTUNITY**

**Date of examination: 3 NOVEMBER 2015**

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**Time: 2 hours**

**Marks: 100**

**Assessor:** Fred Hemmings  
**Internal Moderator:** Yusuf Patel

**INSTRUCTIONS:**

This paper consists of 2 pages (including the cover page)

- Write clearly
- Start each question on a new page
- Where applicable, round all calculations to two decimal places

Question	Topic	Marks	Time
1	Credit assessment process	10	12 minutes
2	Sources of information to assess creditworthiness	15	18 minutes
3	Objectives of collection	10	12 minutes
4	Bills of exchange / cheques	10	12 minutes
5	7 C's model of credit	25	30 minutes
6	Debtors' overdue accounts	10	12 minutes
7	Motives for debtors non-payments	20	24 minutes
		<b>100</b>	<b>120 minutes</b>

**QUESTION 1**

(10 marks)

Discuss the credit assessment process in terms of the collecting of information; the analysing of information and the decision-making in terms of granting of credit.

**QUESTION 2**

(15 marks)

“There is a variety of sources that a credit department uses to obtain information from as the basis of establishing a prospective credit applicant’s creditworthiness.”

**Required:**

Discuss the various sources of information that a credit analyst can use in assessing the merits of a credit application.

**QUESTION 3**

(10 marks)

In collecting its debtors timeously, an enterprise strives to achieve certain basic objectives. Explain five such objectives.

**QUESTION 4**

(10 marks)

4.1 Define a cheque.

(3 marks)

4.2 Define a bill of exchange.

(7 marks)

**QUESTION 5**

(25 marks)

“A credit grantor often uses the model known as the 7C’s in assessing the quality of credit risk.”

**Required:**

Discuss the 7C’s credit risk assessment technique.

**QUESTION 6**

(10 marks)

In corresponding with debtors in regards to overdue accounts, there are three phases that can be identified. Discuss these phases.

**QUESTION 7**

(20 marks)

Discuss all the reasons why debtors do not pay their accounts on time.