Department of Commercial Accounting

CREDIT CONTROL 1B

BCC11B1

LAST ASSESSMENT OPPORTUNITY

Date of Test: 12 NOVEMBER 2014

Time: 2 hours   **Marks: 100**

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

INSTRUCTIONS:

- This paper consists of 3 pages (including the cover page).
- Start each question on a new page.
- Where applicable, round all calculations to two decimal places, unless stipulated otherwise.

Question	Topic	Marks	Time
1	Sources of Information	25	30 minutes
2	Collection policy	15	18 minutes
3	Debtors in the enterprise	5	6 minutes
4	Collection instruments	25	30 minutes
5	Collection policy	25	30 minutes
6	Debtors administration	5	6 minutes
		100	**120 minutes**

QUESTION 1   **(25 marks)**

There are variety of sources from which the enterprise can obtain information and one can divide these sources into two groups:

     1. Information that the enterprise already has available

     2. Information that the enterprise has to obtain from external sources

YOU ARE REQUIRED TO:

A) List and discuss each source of information that could be collected under each of above categories   (18)

B) Explain the factors that may influence the selection choice of such information sources within the enterprise   (7)

QUESTION 2   **(15 marks)**

A new enterprise planning to sell machinery on credit must formulate a collection policy. Which factors should the enterprise take into account when formulating this policy?

QUESTION 3   **(5 marks)**

Why is it important to collect debtors

QUESTION 4   **(25 marks)**

Discuss in detail five collection instruments that can be used during the collection procedure.

QUESTION 5   **(25 marks)**

Discuss in detail the different components of a credit and collections policy

QUESTION 6   **(5 marks)**

List the steps of the administration tasks involved in granting credit to an enterprise.

END