



UNIVERSITY
OF
JOHANNESBURG

Department of Commercial Accounting

CREDIT CONTROL 1B - (BCC11B1)

SOWETO CAMPUS

LAST ASSESSMENT OPPORTUNITY

DECEMBER 2016

Time: 2 hours

Marks: 100

Assessor: Mabejane JB
Internal Moderator: Fred Hemmings

INSTRUCTIONS:

This paper consists of 3 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 | True and False Credit concepts | 10 | 15 minutes |
| 2 | Definitions: Credit concepts | 25 | 25 minutes |
| 3 | Motivating employees and credit collection | 40 | 50 minutes |
| 4 | Credit risk assessment and management | 25 | 30 minutes |
| | | 100 | 120 minutes |

1. Answer true or false**(10 Marks)**

1 mark for correctly stating true or false and 1 marks for providing a precise correction to the statement. If answer is true then 2 marks for stating true and no need for correction.

- 1.1 Negotiable instruments can be **transferred** from one person to another and the receiver of such instrument may become the **legal owner** of it. If false provide correct answer (2)
- 1.2 There are strictly two parties involved in a cheque, a drawer and a drawee: If false provide correct answer (2)
- 1.3 Seasonal dating increases storing cost for manufacturer and seller: If false provide correct answer (2)
- 1.4 Analyzing the information is a first step in assessing credit worthiness: If false provide correct answer. (2)
- 1.5 As part of the 7Cs of credit, CAPITAL directly refers to ability to pay: If false provide correct answer.

2. Define the following concepts:**(25 Marks)**

- 2.1 Blank endorsement (2)
- 2.2 Special endorsement (2)
- 2.3 Restrictive endorsement (2)
- 2.4 General crossing (2)
- 2.5 Security (2)
- 2.6 A cheque (3)
- 2.7 A promissory note (5)
- 2.8 Bill of exchange (7)

3. Short Discussions**(40 Marks)**

- 3.1 Outline and discuss salient and important features of setting targets within any business (10)
- 3.2 Outline and discuss the components of high performance organizational model (10)
- 3.3 Outline and discuss the hall mark / characteristics of contemporary employees (10)
- 3.4 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. (10)

4. Long Discussion Question

4.1 Outline and critically discuss the 7 Cs of credit as a tool for assessment and management of credit risk, (Provide accurate examples for all the Cs) **(25 Marks)**