

**POLITEKNIK**  
Jabatan Pengajian Politeknik

EXAMINATION AND EVALUATION DIVISION  
DEPARTMENT OF POLYTECHNIC EDUCATION  
(MINISTRY OF HIGHER EDUCATION)

COMMERCE DEPARTMENT

FINAL EXAMINATION  
JUNE 2012 SESSION

**PS504: CREDIT MANAGEMENT**

**DATE : 20 NOVEMBER 2012 (TUESDAY)**  
**DURATION : 2 HOURS (8.30AM – 10.30AM)**

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This paper consists of **TEN (10)** pages including the front page.  
Section A: Objective (25 questions – answer all)  
Section B: Essay (3 questions – answer all)

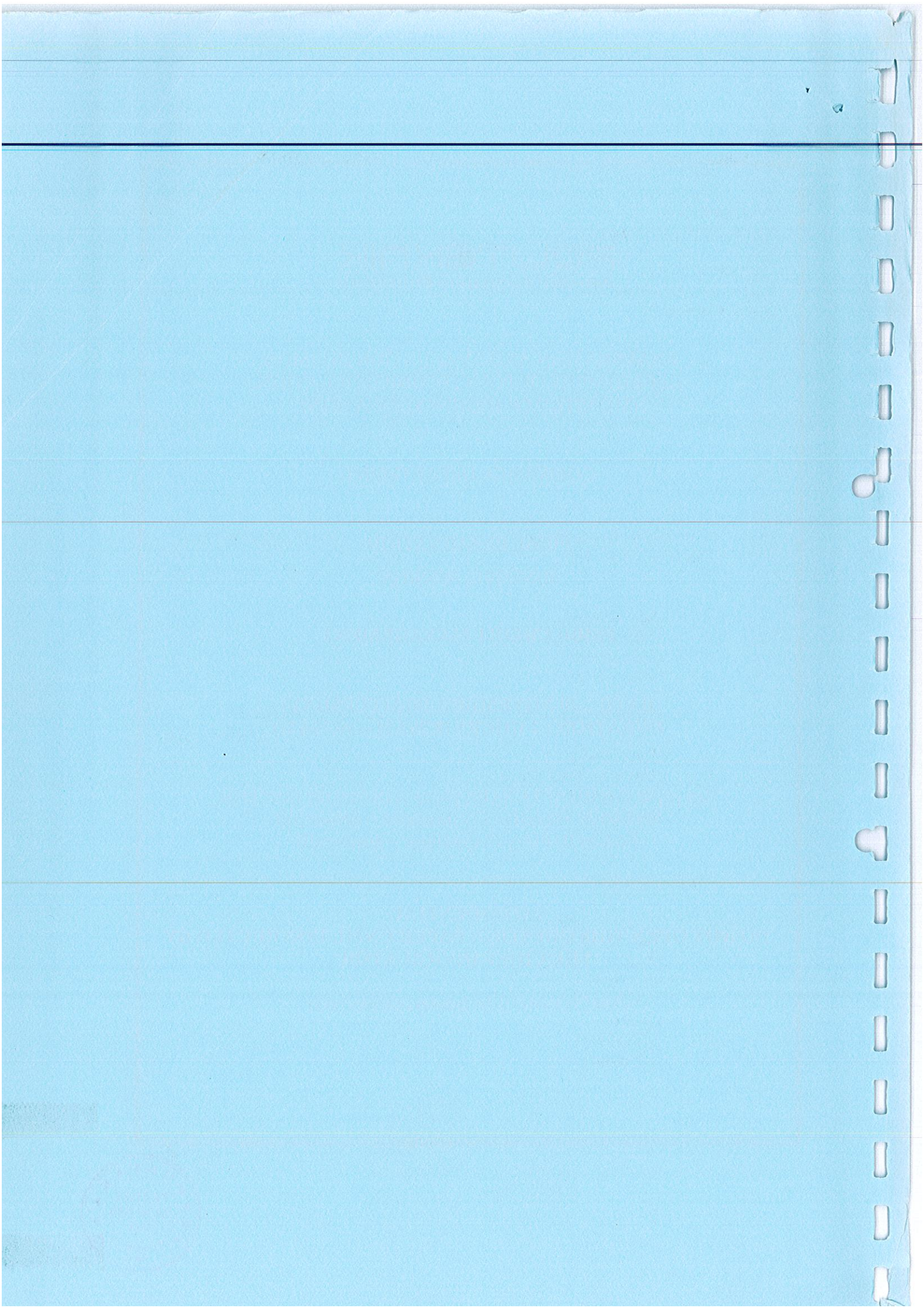
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**DO NOT OPEN THIS QUESTION PAPER UNTIL INSTRUCTED BY**  
**THE CHIEF INVIGILATOR**

(The CLO stated is for lectures reference only)









**SECTION A**  
**OBJECTIVES (25 marks)****INSTRUCTION:**

This section consists of **TWENTY FIVE (25)** objective questions. Write your answers in the answer booklet.

1. What is CREDIT? [ CLO 1 : C1 ]
- A. A medium of exchange with limited acceptance.
  - B. A cash in immediate guaranteed payment in credit transaction.
  - C. The seller will have to wait to receive payments.
  - D. The seller may require security as part of credit arrangement.
2. According to the risk and return concept, there is no return if there is no risk. Therefore, if the risk is \_\_\_\_\_, the return is \_\_\_\_\_. [ CLO 1 : C2 ]
- A. Higher, lower
  - B. Higher, higher
  - C. Lower, lower
  - D. Lower, higher
3. Which of the following is **NOT** the type of consumer credit products? [ CLO 1 : C2 ]
- A. Credit card ✓
  - B. General working capital
  - C. Personal financing ✓
  - D. House financing
4. Which of the following are the advantages of using Credit Card? [ CLO 1 : C2 ]
- i. Immediate Possession ✓
  - ii. Convenience ✓
  - iii. Overuse of Credit
  - iv. Saving Money ✓
- A. i and ii
  - B. i, ii and iii
  - C. i, ii and iv ✓
  - D. i, ii, iii and iv

**SECTION B****ESSAY (75 marks)****INSTRUCTION:**

This section consists of **THREE (3)** essay questions. Answer **ALL QUESTIONS**.

**QUESTION 1**

- a) Define the consumer credit. (3 marks)  
[CLO1 : C1]
- b) Identify and elaborate **THREE (3)** characteristics of consumer credit products. (12 marks)  
[CLO2 : C2]
- c) Commercial credit is normally granted to small and medium-sized businesses. Explain briefly **TWO (2)** types of commercial credit. (10 marks)  
[CLO1:C3]

**QUESTION 2**

- a. Describe the attributes in principles of goods credit. (10 marks)  
[CLO2:C3]
- b. Based on the Company Act 1965, debentures can only be given by companies and not sole-proprietor. The documentation required is the Deed of Debenture. Explain briefly the items of Deed of Debenture as stated below : [CLO1:C2]
- i. Floating charge (2 marks)
- ii. Restriction (5 marks)
- c. Explain the following types of collateral. [CLO2:C2]
- i. Landed properties (2 marks)
- ii. Shares (2 marks)
- iii. Debentures (2 marks)
- iv. Guarantee scheme (2 marks)

**QUESTION 3**

- a) Define credit problem (bad debt) [CLO3:C2]  
4 m
- b) Recovery process is to assist customer who are having financial difficulties to meet their payment obligation and manage to recover cost efficiently. Elaborate **FIVE (5)** stages in credit recovery process. [CLO3:C3]  
15 m
- c) Explain briefly **THREE (3)** characteristics of credit problem [CLO3:C2]  
16 m

