**UNIT CODE: DAF1208 UNIT TITLE: CREDIT MANAGEMENT**

1. a. Define and explain the following terms as used in credit management.
   * 1. Commercial papers. (3 Marks)
     2. Leverage. (2 Marks)
   1. List and explain factors to be considered by the lender when evaluating an individual or business seeking credit. (5 Marks)
2. Trade credit information is necessary in risk assessment, discuss. (5Marks)
3. a. Company Z has receivables turnover ratio of 2, inventory turnover ratio of 10 and payable turnover ratio of 8. Find the cash conversion cycle. (3 Marks)

b. What do you understand by the term credit scoring? (1 Marks)

c. List and describe eight principles of lending. (4 Marks)

d. Outline the measures included in an effective monitoring system. (2 marks)

1. Explain five sources of long-term financing. Give two advantages and disadvantages of each. (5 Marks)