



Credit Management & Control

Credit Management

Investing activities
Capital expenditures
Purchases of restaurant businesses
Cash used for investing activities

Financing activities
Long-term financing borrowings
Short-term financing borrowings
Cash used for financing activities

Operating activities
Net sales
Long-term financing borrowings
Short-term financing borrowings
Cash used for operating activities

Cash and cash equivalents
Cash and cash equivalents
Cash and cash equivalents
Cash and cash equivalents

Any business which sells goods or provides services 'on credit' - that is, without receiving payment at once - is exposed to the very real risk that customers or clients might 'default', that is, not settle their debts when they fall due for payment. Such 'bad debts' can seriously affect the operations and profitability of a business, and so must be kept to the bare minimum. It is the important task of the credit manager and/or accounts managers and personnel, or the owner or manager of a small business, or an appointed official or executive of larger businesses - to formulate a 'credit policy' to control and manage the credit extended to its customers or clients. The credit control process needs to be understood and followed, with adequate checks made on "creditworthiness" of new and existing customers, and 'credit limits' (how much credit is allowed and for how long) must be set. A major responsibility of a credit manager is to ensure debts are collected on time, that any signs a customer might default are acted upon early, and that any overdue debts are "chased" to avoid losses. This Program covers all those topics, and many more of great value to all businesses.

Course Outline

Module 1 - Introduction to credit management

- Commercial and consumer credit
- The major forms of credit.
- The benefits to manufacturers/producers, vendors and consumers of credit availability.
- Risks in allowing credit to customers.

Module 2 - Introduction to credit control

- The meaning of liquidity; liquidity management
- External methods of improving liquidity
- Sources of information about customers
- Data Protection laws

Module 3 - The credit control function

- The credit control process
- Credit control activities
- Credit control policy and procedures
- Application forms for credit

Module 4 - Financial analysis of customer accounts

- Analysing customer accounts: liquidity, profitability, gearing
- Profitability and performance indicators
- Working capital cycles
- Financial position measures

Module 5 - Credit scoring systems

- Credit risk level
- Credit scoring and calculating scores
- Shortcomings of credit scoring
- Summary of equation and ratio measures

Module 6 - Granting credit

- Factors affecting the decision
- Refusing credit
- Changes in credit terms
- Half-way house credit

Module 7 - Setting up customer accounts

- Policies and procedures letter and contents
- Credit period, limits, terms and discounts
- Penalties for late payments
- Credit insurance for sales

Module 8 - Running customer accounts

- Customers and contracts
- Elements of contracts
- Terms of commercial contracts
- Breaches of contract

Module 9 - Legal considerations

- Selling and statute law
- Trade descriptions laws
- Sales of Goods laws
- Consumer credit laws

Module 10 - Monitoring customer accounts

- Trading history review, average periods credit reviews, materiality
- Receivables (aged debtor) reports; interpretation, analysis and use
- Communications regarding chasing debts
- Doubtful and bad debts, provisions for doubtful debts

Module 11 - Methods of collecting trade debt

- Credit insurance
- Factoring and invoice discounting
- Third parties for collecting debts
- Checking contract of sale agreements and breaches of contract

Module 12 - Taking a customer to court

- The court system and claims
- Legal terms and enforcement of judgements
- Customers and insolvency, writing off
- Administrators and administrative receivers