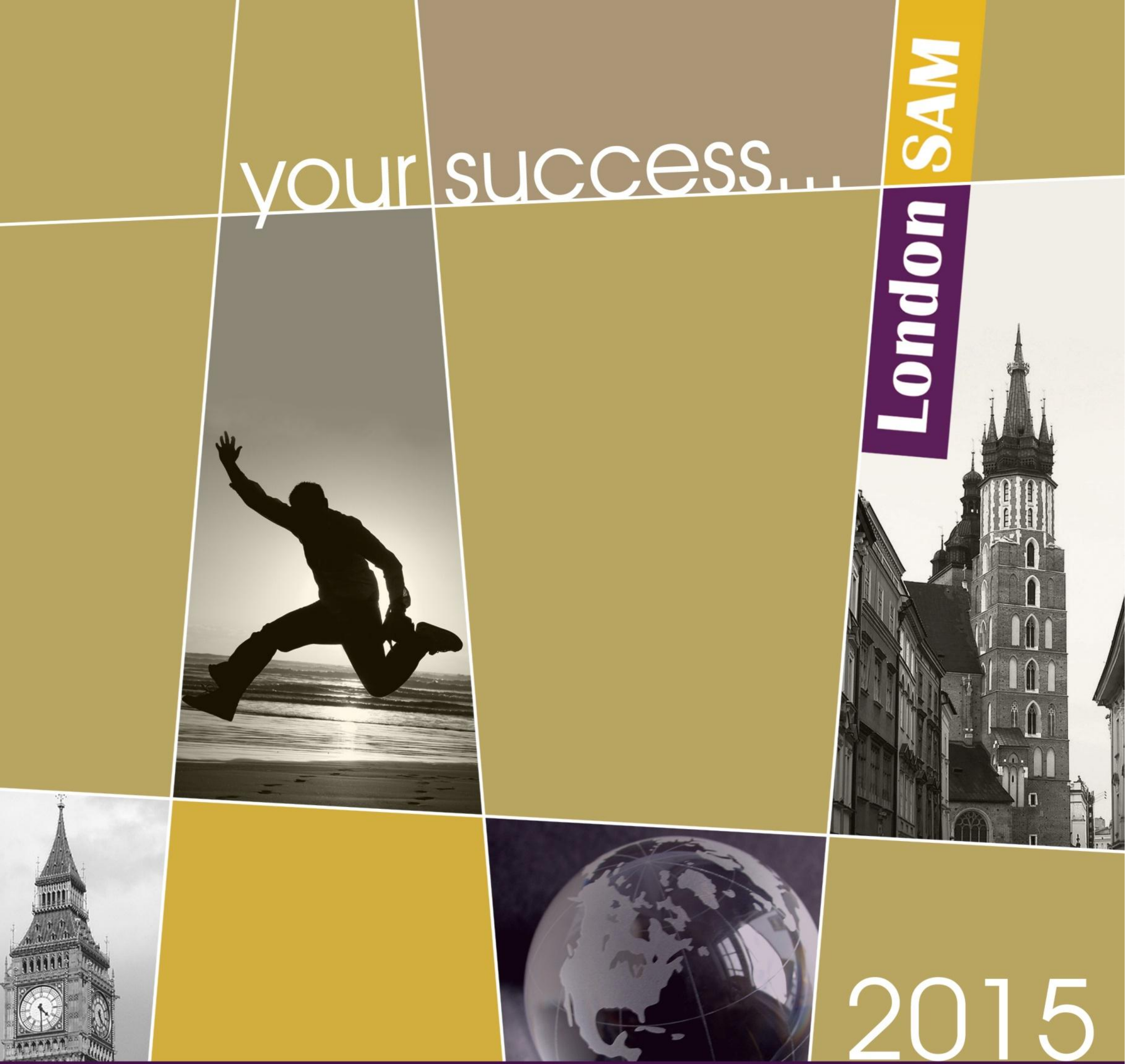

CREDIT MANAGEMENT TRAINING 2015

LONDONSAM POLSKA

LondonSAM Polska is a modern, international training company present on a Polish market since 2006. Our lead mission is a constant improvement of LondonSAM's effectiveness through innovative training solutions based on the latest available knowledge and the highest quality, as well as inspiring and supporting development in finance, management and interpersonal skills.

ACCA Professional School

We are a provider of preparation courses for exams of international financial Qualification – ACCA (Association of Chartered Certified Accountants). High quality trainings and administrative services, provided to training participants were evaluated many times by ACCA and our business clients: such as ArcelorMittal, Motorola, Hitachi, BNP Paribas Fortis, Philip Morris.

CREDIT MANAGEMENT - PARTICIPANTS PROFILE

Professionals working in global companies and responsible for management of cash as an important factor of company's liquidity, as well as for those who would like to get acquainted with the area of financial statements analysis and risk associated with credit management.

BENEFITS FOR PARTICIPANT

After the training participants will:

/ Have the knowledge of different credit management policies,

/ Be able to manage cash effectively,

/ Know the tools and techniques to prevent company from losing its liquidity,

/ Have the knowledge about overseas creditor management.

TRAINING PROGRAM

DAY 1

Session 1 - Credit Management

/ Understanding the basis of corporate finance – the structure of the balance sheet and profit and loss account. What they tell you. Why they are designed that way.

/ The place of working capital on the balance sheet. The important difference between working capital and net working capital.

/ The reason why it is important to reduce the net working capital (without adversely affecting sales).

/ The constituent parts of working capital.

/ Three important decisions concerning working capital.

/ The cash conversion cycle, through: raw materials > work-in-progress > finished goods > receivables (debtors).

/ Corporate scenario case study: concerns a company experiencing a deteriorating working capital position. One of the problems is customers paying days beyond terms. Requires calculations and discussion (participant's workshop involvement).

/ Why it's important to reduce the cash conversion cycle.

/ Vetting credit applications[1] – the dangers of being too 'loose' or too 'strict':

(i) A detailed statements of the company's financial statement over the last year and previous three years:

- Balance sheet
- Profit and loss account
- Cash flow items.

(i) Experian use key ratios (which they have taken from the company's financial statements) to produce a probability of failure.

(ii) From this Experian produce a 'Delphi risk score' (0 – 100).

[1] I can outline the methods of vetting customers. The problem is how do credit staff actually do it in practice? Where do they get the data? For that reason, most companies use a credit agency.

(iii) Experian uses the company's financial statements to calculate the monthly credit requirement.

(iv) Using (ii) and (iii) they calculate the company's 'credit rating' and recommended 'credit limit'. They also report the level of risk of the company:

- Very low risk
- Low risk
- Below average risk
- Above average risk
- High risk
- Maximum risk.

(v) The Experian report makes three comparisons between the company and others:

- other companies in same industrial sector
- other companies in same asset size group
- other companies in same 'company age' category.

(vi) Experian also reports on:

- record of 'paying days beyond terms' (DBT)
- county court judgements (CCJs)
- Alerts during the past year
- Company's payment profile over last year (including unpaid accounts)
- Legal notices outstanding
- Mortgages – charges (fixed and floating)
- Corporate structure[2].

[2] For an example of one type of report Experian produce, please see:
http://uat-protect.businessexpress-uk.com:16453/reg-report/05456337-sun-cp-newmidco-limited
The seminar could include a detailed look at a sample risk report and explanations of what every item on it means and what calculations have been used (where appropriate.) Note: it is difficult for credit providers to get this level of information, quickly and cheaply without using a credit agency. (If the client already uses a credit agency I would need to see a copy of the credit report used. I would then base the seminar around that report.) I would expect to work through at least three corporate case-study scenarios as way of explaining the make-up and use of the credit report (participant's workshop involvement).

- Control of 'open item accounts'. Also a comparison with cash receipts and promissory notes.
- Control of payables (Please the detail the client wishes covered.)
- Evaluating discount for early settlement:
  - (i) Costs and benefit
  - (ii) The reason for discounts
  - (iii) Dangers of losing money by offering discounts
  - (iv) Simple discounts (calculations)
  - (v) More complicated discounts (for example when the discount expands sale because of price elasticity)
  - (vi) Two corporate case-study scenarios (participant's workshop involvement):
    - Is the discount worth it?
    - Evaluating: the cost of credit control, the feasibility of strict credit selection, the feasibility of a proposed discount, how to determine whether a discount will be acceptable to customer.

DAY 2

Session 2 - Financial statement assessment

- The differences between common-size analysis, horizontal analysis and ratio analysis.
- The ratios used to assess a company in general terms.
- What the ratios tell us.
- A corporate case-study scenario that includes a two years of balance sheet and profit and loss accounts and requires the company to be analysed by: common-size, horizontal and ratios. Calculations and discussion are involved ((participant's workshop involvement).
- A focus on those ratios/measures that specifically relate to credit control. There will be a corporate case-study scenario on these aspects that will require calculations and discussion (participant's workshop involvement).
- Overtrading risk explained.
- Symptoms of overtrading highlighted.

- Focus on specific ratios that indicate overtrading, or potential overtrading. This would include a corporate case-study scenario of a company suspected of over trading. Calculations and discussion involved (participant's workshop involvement).
- Bankruptcy risk – symptoms of pending bankruptcy. This would include a corporate case-study in which a company's financial statements are used to assess closeness to pending bankruptcy. Calculations and discussion involved (participant's workshop involvement).
- Gearing (leverage) – total loan gearing, long-term loan gearing, and equity gearing would have been discussed in Session 1.[3]
- Overseas creditor management:
  - (i) often longer credit facility
  - (ii) letters of credit (which imply bank guarantee) – how they work
  - (iii) bills of exchange – how they work – comparison with letters of credit
  - (iv) use of confirming houses
  - (v) how to assess credit risk.
- The usual basis of fixing a credit limit (fixed or rolling) is:[4]
  - (i) risk based (covered in session 1) – details provided by a credit agency
  - (ii) income or cash-flow method. (What can the company afford?)
  - (iii) capital structure approach. (Loan gearing position)
  - (iv) requirement based on monthly credit requirement).

[3] When the client mentions leverage, I presume that to be 'the effect on equity of a sales leverage', which takes into account operating leverage and financial leverage. If I am required to do this, I will include a corporate case-study that demonstrates what is taught. Calculations and discussions are involved (participant's workshop involvement).

[4] (This is another area that is usually covered by credit agencies. In the case of overseas' customers there are two levels of risk: (i) individual company (see Session 1) and (ii) country risk. I can explain the common way of assessing country risk that uses a weighted sensitivity scoring method. If I do that, I would include a country case-study scenario that compares different countries. It involves calculations and discussion (participant's workshop involvement). I notice that the client asks for 'Methods of calculation of credit limit – different formulae.' Please confirm what is meant. (I'm not sure what is mean by 'formulae.) These are some of my suggestions based on what you've told me so far. (I think we'll looking at course text [including scenarios] of approx. 110 -120 pages.)

KEYNOTE SPEAKER

Tony Surridge, FCCA FCMA MIDPM

'BEST UK ACCOUNTANCY LECTURER 2009' by Institute of Financial Accountants in Great Britain

Tony Surridge has spent many years in the business education industry with particular responsibilities for teaching corporate strategy, marketing strategy and financial management.

Furthermore he is a research consultant, and this work has provided him with extensive experience of business operations in the Americas, Europe, the Middle East and Asia. He is also in demand as an international lecturer and speaker and has presented seminars in the United Kingdom, Hong Kong, Singapore, Malaysia, Bahrain, Germany, Cyprus and Trinidad.

Among his other achievements Tony has successfully marketed a variety of educational products in a diversity of markets and has contributed articles to book and magazines on business, finance and marketing.

Feedback from participants

Tony provided training sessions in Poland for many clients form different business sectors.
And here you find the feedback from the audience:

- "Very good and with vast knowledge trainer" Credit Management Training Participant
- "Very interesting training" Credit Management Training Participant
- "The best Trainer and training I have ever had" Heineken, Accountant
- "Outstanding performance. I would like to have more classes with Tony." Infosys, Accountant
- "Tony Surridge is a great motivational speaker, with vast knowledge and experience. I surely enjoyed my last 2 days." Credit Management Training Participant

TRAINING DETAILS

Duration: 2 training days

Date: to be agreed

Place: to be agred

Language: English

Price: to be agreed

Price includes:

- / Adjusting the program to the participants needs,
- / Workshops conducted by a professional trainer,
- / Designing and supplying course materials (scripts, notebooks, pens),
- / Administration service,
- / Logistic expenses of lecturer's (flights, accommodation etc.),
- / Certificates of attendance provided to each participant.

If you would like to discuss the offer with more details please do not hesitate to contact:

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