

Welcome to the

Sheffield City Region

Breakfast Club

Tuesday 26th November 2013

HART SHAW

Incorporating Atkin Macredie & Co

Chartered Accountants & Business Advisers

Reynolds 
TRADE CREDIT

Mitigating Credit Risk

Sheffield City Region Breakfast Club

Presented by:

Steve Hamstead

26th November 2013

Agenda

- Introductions
- Reynolds Trade Credit – Overview
- The role of the Credit Department
- Mitigating Credit Risk – Best Practice
 - Credit assessment / monitoring – Opportunities for growth
 - Generating cash
 - Collections / Insolvency
- How can we help?
- Questions?

Reynolds Trade Credit – Overview

- Established in 1912, offices Manchester, Sheffield and London
- One of the oldest / largest specialist credit insurance brokers
- Key broking partners
- Strong service ethos – Systems, People and Resource
- Wide range of client industry sectors
- Secured credit lines of £6.38bn for our clients in 2012



The role of the Credit Department

- Provision of credit – costly and risky
- Debtor asset significant – funded until paid
- Late payment erodes margin
- Bad debt wipe out profit in it's entirety
- Imperative credit managed professionally and pro-actively
- Commercially motivated decisions
- Identify marginal and high risk customers early

Mitigating Credit Risk – Best Practice ⁽¹⁾

Credit Assessment / Monitoring – Opportunities for Growth

- Identify contractual principal
 - Long firm / short firm frauds
- Filed accounts via credit information provider
- Trade / Bank References
- Business plans
- Senior management capabilities
- Cash flow
- Management Accounts

Mitigating Credit Risk – Best Practice ⁽²⁾

Credit Assessment / Monitoring – Opportunities for Growth

- Payment delinquency
- Security – Personal / Top co guarantees
- Trade sector intelligence
- Credit circles / forums
- Current credit limit / margin
- Assessing customer's buyers
- Type of customer – spend / ageing
- Issue terms and conditions of sale

Mitigating Credit Risk – Best Practice ⁽³⁾

Cash Generation

- Accurate / timely invoicing
- Pre-due date chasing
- Dispute management
- Primary use of the telephone
- Significant debts – descending order
- High volume small value accounts dictate a different approach
- Debt collection / Legal action

Mitigating Credit Risk – Best Practice (4)

Collections / Insolvency

- Retention of title
 - Valid clause incorporated into T's & C's (All monies)
 - Identify products / goods – serial number / packaging
 - Take steps to recover
- Report and monitor

RTC – Service, Support & Resource



Contacts

Reynolds Trade Credit

Steve Hamstead (Director)

Tel: 0114 280 0169 / 07891 579285

Email: shamstead@reynoldsinsure.com

Hart Shaw

Christopher Brown (Business Recovery & Insolvency Partner)

Tel: 0114 251 8850

Email: chris.brown@hartshaw.co.uk