



APPENDIX C

Your credit management

Company name :

All amounts are in : CAD USD

PLEASE ATTACH A COPY OF YOUR CREDIT MANUAL (INCLUDING TITLES AND AUTHORITY LEVELS OF INDIVIDUALS RESPONSIBLE)

1 - Who is the senior individual primarily responsible for making credit decisions ?

2 - How many full time professional employees are in the credit department ?

3 - If credit control is not centralized at the insured's headquarters please give the details here :

4 - Credit control procedures are known to other departments : YES NO

5 - Who within the credit department can :

Approve a credit limit of new buyers ?

Approve a change in payment terms ?

Approve an increase in an existing credit limit ?

Decide on the course of action to take in an overdue situation ?

6 - Can anyone within your company overrule a decision by the credit department ? YES NO

If YES, who ?

Has this actually happened ? YES NO How often :

7 - For new customers, what is the minimum information required to assess the creditworthiness of the buyer ?

Do you use:

- Credit agency reports : YES NO Agencies used :
- Trade references : YES NO Minimum credit agency rating required :
- Trade references : YES NO
- Bank reports : YES NO
- Audited financial statements : YES NO
- Other sources :

8 - For existing customers what is the minimum information required to review the creditworthiness of the buyers ?

- How often are buyers files updated ?
- How are credit limits recorded and adhered to ?
- How often are credit limits reviewed ?
- What credit approval information must appear for each decision ?

9 - What general guidelines do you use in evaluating a buyers financial information to determine creditworthiness ?

10 - Are regular personal visits made to the buyers ? YES NO Are visit reports produced ? YES NO

11 - What minimum information must be received before granting / extending / increasing credit in the following circumstances :

If no financial statements are available ?

If there is a change in payment terms in favour of a buyer ?

12 - How are high risk buyers identified, and how often are they reviewed ?

13 - Are buyers files manual or computerized ?

14 - Before each shipment is released how does the credit department make sure the buyer still meets the minimum of credit approval criteria ?

15 - Accounts receivable are checked against credit limits :

- When orders are received : YES NO
- When orders are ready for shipment : YES NO

16 - An aging analysis :

- Is produced at lease once a week : YES NO
- If not how often ?
- Is shown on the statement of accounts : YES NO