

DEXTRANS WORLDWIDE GROUP

Training Academy

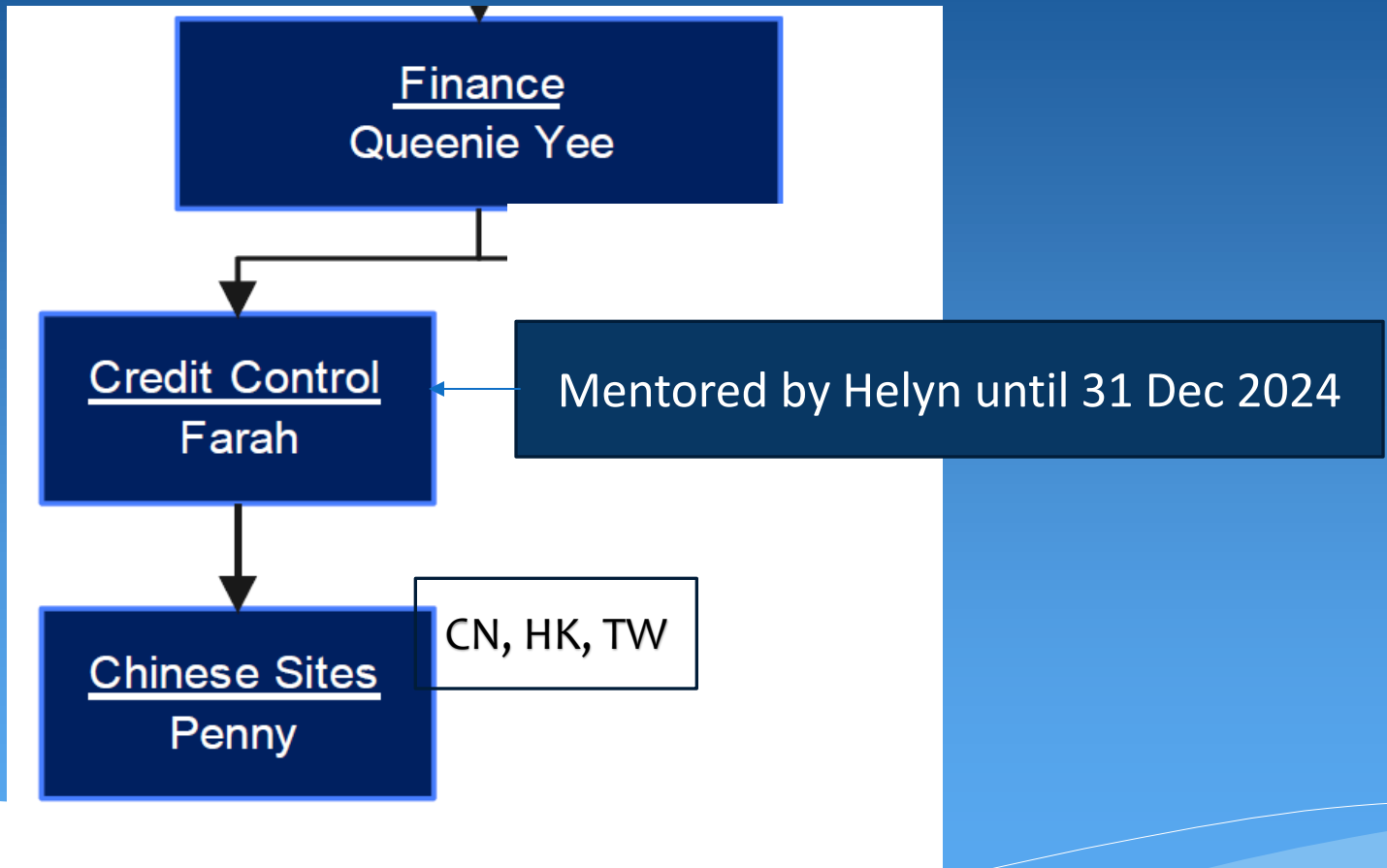
Module : Finance & Accounting

TOPIC: CREDIT CONTROL (Lesson 4)

30 August 2024 @ 11.00 am (SG time)

Trainers: Farah & Helyn

Group Credit Control (GCC) Team



Group Credit Control (GCC) Team

CDF Creators Team

Headed By:

Farah

Lyna

Waiman

DWSG, DWMY, DWHK,
DWCN, DWKH, DWKR

DWTW, DWPH, DWID,
DWTH, DWVN

Training Objectives

Participants will learn about:

1. What is Billing and Collection?
2. Debt collection time
3. Credit Note and Bad debts

1. What is Billing and Collection?

- a) The process of issuing invoices and collecting payments from customers.
- b) It is a crucial part of any business, ensuring companies can cover costs and generate revenue.
- c) In our normal expectations, the credit period granted to all the customers should not be more than 30 days.
- d) As per company policy, invoice should be issue out within 3 days after vessel sail date.

What are the effects of delay in issuing the invoice?

- a) Payment to us get delay which will effect in cashflow problem.
- b) Cashflow problem will also lead to delay in payment to carrier.
- c) Delay in carrier payment will lead to more cost to company as we need to pay the carrier Late Payment Fee (LPF).
- d) Customer easily get extended credit term.

Proforma invoice to customer

- a) All invoices issued to external parties must be final tax invoice and the issuance of proforma invoices to external party is **disallowed**.
- b) Proforma invoice are not legally binding like an invoice.
- c) Customer isn't obligated to pay the amount on the proforma invoice.
- d) From legal standpoint, you need an Invoice only to consider an official document.

Video Reference

<https://www.youtube.com/watch?v=ZNUf3a8cGoQ>

Key takeaways of the video:

The threats of Billing:

- a) Customer did not get the invoice
- b) Billing Errors
- c) Credit term/limit was not updated into the system

2. Debt Collection Time

a. Escalation & Reminders to be send to debtors.

- Statement of Account - Invoices at due date
- 1st reminder request - 7 days after due date
- 2nd reminder request - 10 days after due date and escalate up to Country Manager
- 3rd reminder request - 14 days after due date and copy JH

Disputes Invoice

a. Dispute cases

All the dispute cases must solve within one month.

b. What would happen if dispute invoice was not settled immediately?

- * Customer easily get extended credit term
- * Chances of turn to bad debt is high
- * Impact on Cashflow

Case Study of Dispute Invoice

- ❑ Customer and us having disagreement on the profit sharing
- ❑ You reject on customer demand on reducing the profit sharing due to you have agreed to 1 figure when accepting the job.
- ❑ You proceed with issuing the invoice and customer did not reply to your email and you thought customer agree to the first profit shared as per agreed in the first place
- ❑ Account start to chase payment but no respond from customer
- ❑ Account escalate the issue to ops to check If there is any issue with the invoice.
- ❑ After ops check with customer, turn out customer did not agree to the profit share

3. What is Credit Note?

Video Reference:

<https://www.youtube.com/watch?v=xKLn5l8KMDg>

Key Takeaways of the Video:

- a) Credit note is being issued when you would like to revise on the figure of the Invoice that you have send out to our customer. For e.g.
- Supplier overcharge
 - profit sharing
 - a discount has been agreed after the invoice
 - Customer overpaid to us where to require credit or refund
- b) Credit note could cover the entire of the invoice or could be issued as part of the total invoice amount.

Credit Note and Bad Debts

- a. CN request Below USD 1k, can be approved by CM
- b. CN request Above USD1k to be approved by CFO/COO
- c. Only Account can issue CN.
- d. Dextrans site operations must exhaust all avenues to rectify all disputes with customers or overseas agent in the email explaining on the disputes.
- e. Bad debt is debt that cannot be collected.
- f. Dextrans adopt a zero tolerance for bad debt.

Example of CN Request

Request for CN - SMY00035321



Shahril Kasim

To Oscar Lee

Cc Farah; Angeline Sim



Re: PASIR GUDANG to IZMIT // 3x40HC S/PEN Express Freight C/PLUS FOB // 15833-41C & 15833-41D_&_15833-41E // 99266695

Outlook item



RE: (REZ:0003445) PASIR GUDANG - IZMIT 3x40HC S/PEN Express Freight C/PLUS KON FOB // 99266695

Outlook item

Dear Oscar,

FYI, shipper Pen Express has been paid telex release fee (MYR180) together with origin local charges and after that, they have requested to waive the telex fee (MYR180). We already discussed with NMT logistic and they proceed to pay us telex fee (USD41). Thus, we have to CN the invoice as Pen Express has already paid for the invoice.

Seeking your approval for CN to be issued.

Q & A

Administrative Matters

1. Q&A test will be given to any staff (not limited to participants only) may be called upon to take a test before 30 Sep 24.
2. Please complete your answers and submit back to me before 30 Sep 2024
3. Passing rate is set at 80%. Those who fail will have to retake the test.
4. You will be given 2 chances and if anyone who fails, a supplementary test will be given upon which if still fail, you will need to meet the COO for an interview.

The END