

# DEXTRANS WORLDWIDE GROUP

## Training Academy

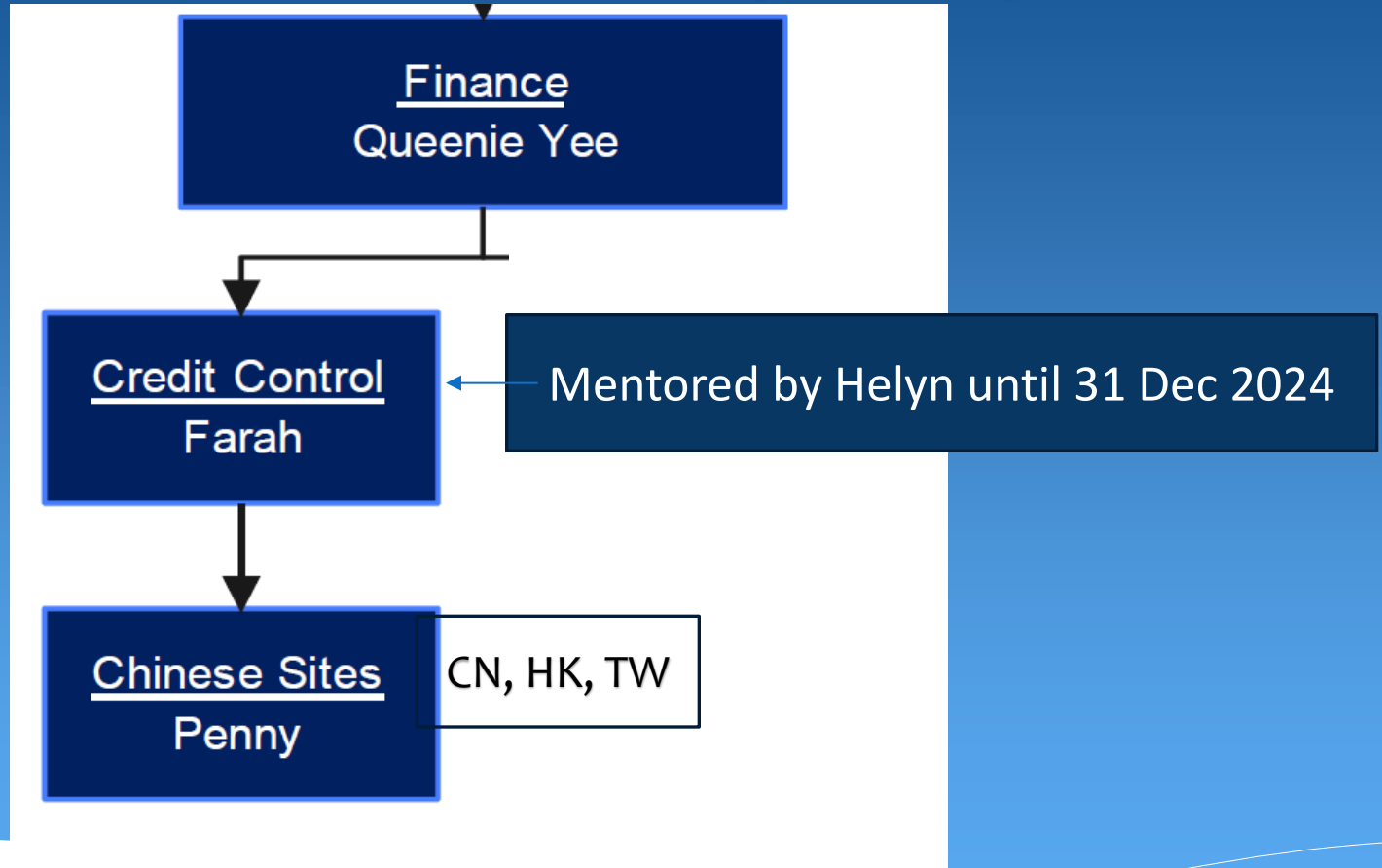
Module : Finance & Accounting

**TOPIC: CREDIT CONTROL (Lesson 1)**

21 August 2024 @ 11.00 am (SG time)

Trainers: Farah & Helyn

# Group Credit Control (GCC) Team



# Training Objectives

Participants will learn about:

1. What is Credit Control
2. The importance of Credit Control
3. The effect of poor Credit Control
4. Example of mistakes showing poor credit control
5. The effect of delay in closing the WIP and Accrual

# Let's look into a video

<https://youtu.be/29BmtQDMlKA>

# 1. What is Credit Control

a) Credit control is a business strategy that promotes the selling services by extending credit to customers.

b) Most businesses try to extend credit to customers with a good credit history to ensure payment of the services

c) In our normal expectations, the credit period granted to all the customers should not more than 30 days.

# Credit Limit Approval

It is the responsibility of Country Manager to evaluate the creditworthiness of the potential or existing customers when approve or recommend the credit terms granted to various type of customers.

- Credit limit granted  $<$  USD25,000 to be approved by Country Manager.
- Credit limit granted  $>$  USD25,000 to be approved by CFO/COO.

## 2. The importance of Credit Control

- a) Improved Cashflow
- b) Minimise Bad debt
- c) Avoid Late Payment
- d) Helps to create a good relationship with customers and suppliers

# 3. The effect of poor Credit Control

- a) A business can quickly go spiral into debt
- b) Late payment to carrier will effect on additional cost to the company. Eg. Late Payment Fees
- c) Poor in cash

## 4. Example of mistakes showing poor credit control

- a) Fail to update credit limit/credit term into CW
- b) SOA was not send out to customers
- c) Fail to inform group on the problematic customers

## 5. The effect of delay in closing the WIP and Accrual

- a) WIP - Extended credit period due to late billing
- b) WIP - Credit limit cannot be monitor accurately as CW1 does not include WIP within credit limit exceeded warnings, inevitably increasing credit risk
- c) ACR – Risk of additional unknown cost not accrued properly, only discovered months/years later.

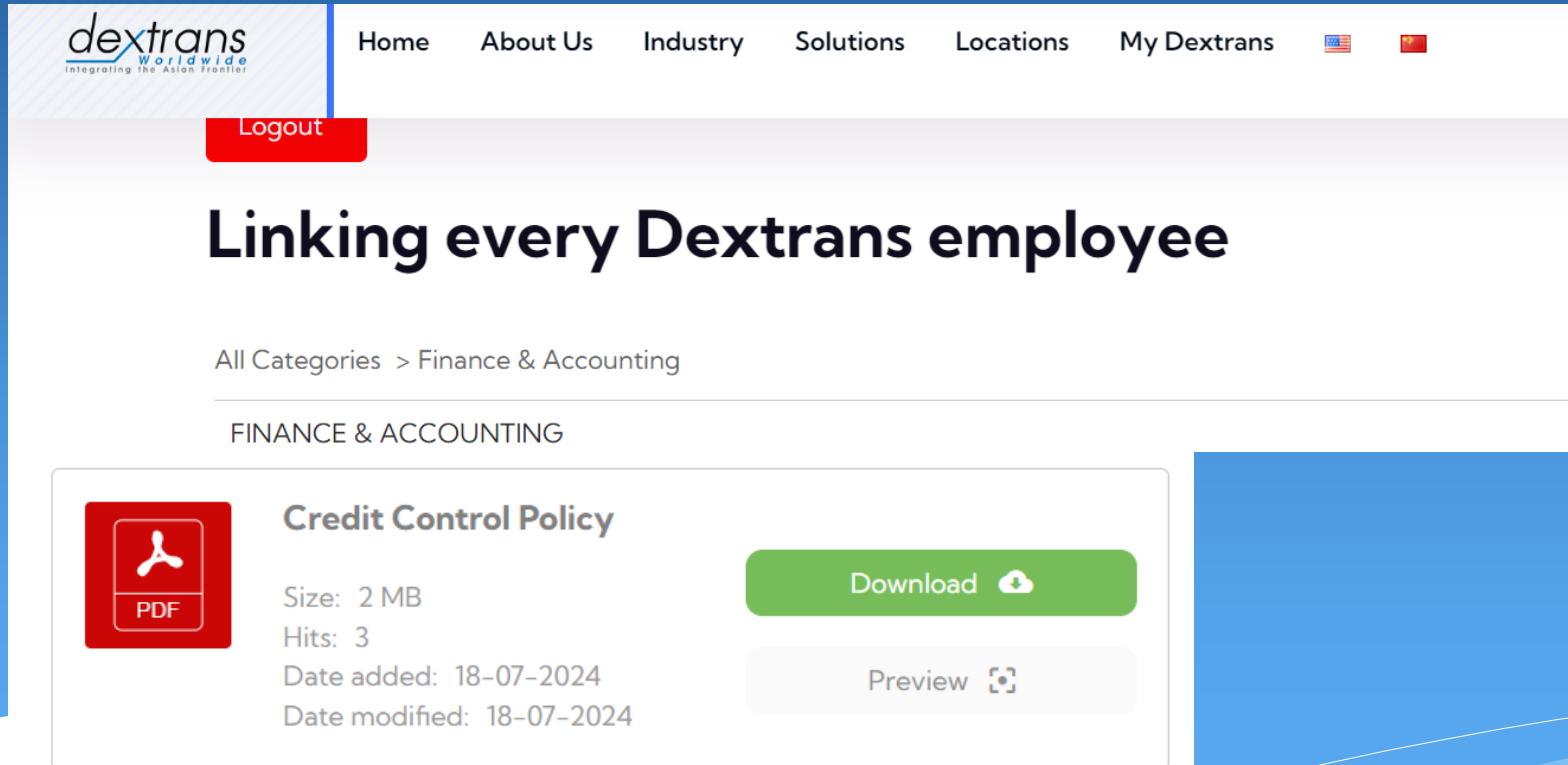
# The effect of delay in closing the WIP and Accrual

Example of situation:

- Vessel sail on 01/08/2024. As per company policy we have to issue invoice to customer within 3 days after sail. But operation issue invoice 30 days after sail.
- Let say ops issue invoice on 01/09/2024
- Let's give an example that this customer has 30 days credit term with us
- We will get payment on 01/10/2024. However, if we follow company policy to issue invoice within 3 days after sail, we can get the payment by 03/09/2024



# References

<https://dextransgroup.com/dextrans-login/>



The screenshot shows the Dextrans website interface. At the top left is the logo "dextrans Worldwide Integrating the Asian Frontier". The navigation menu includes "Home", "About Us", "Industry", "Solutions", "Locations", and "My Dextrans", along with flags for the USA and China. A red "Logout" button is visible. The main heading is "Linking every Dextrans employee". Below it, the breadcrumb "All Categories > Finance & Accounting" is shown. The document category is "FINANCE & ACCOUNTING". A document card for "Credit Control Policy" is displayed, featuring a PDF icon, a size of 2 MB, 3 hits, and dates added and modified on 18-07-2024. There are "Download" and "Preview" buttons.

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## Linking every Dextrans employee

All Categories > Finance & Accounting

FINANCE & ACCOUNTING

 **Credit Control Policy**

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Hits: 3  
Date added: 18-07-2024  
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# Q&A

# Q&A listings:

1. Are we allowed to give credit for 1<sup>st</sup> time Customer?
2. From the customer payment history, their payment pattern are not showing a good pattern, from your point of view, will you grant credit term to customer?
3. Customer request to issue invoice once vessel arrive in 1.5 months. Their reason is due to lumpsum all cost in 1 invoice. How do you respond?

# Administrative Matters

1. Any staff (not limited to participants only) may be called upon to take a test before 30 Sep 24.
2. All staff will be given study materials where we will advise online availability.
3. Passing rate is set at 80%.
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.

# Training Objectives Lesson 2

The participants will learn about:

1. What is Customer Data Form
2. CDF Approval Process
3. WCA/JCtrans
4. How to define Blacklist Agent
5. The importance of updating Blacklist Agent

The END