Asset Based Lending Step 4A

Using Receivables As Collateral
Eligibility Criteria

- Receivables that occur during the normal course of business
- On standard terms. 30 to 120 Days
- Are at arms length (i.e. not associated or connected parties).
- To customers in agreed locations
### Accounts Receivable - Ineligibles

**A/R as at:** 31-Jul-14

<table>
<thead>
<tr>
<th></th>
<th>$</th>
<th>$</th>
<th>$</th>
<th>$</th>
<th>$</th>
<th>$</th>
<th>U/A</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>01-30</td>
<td>31-60</td>
<td>61-90</td>
<td>91-120</td>
<td>121+</td>
<td>Credits</td>
</tr>
<tr>
<td>Packaging Co</td>
<td>USD</td>
<td>6,579,045</td>
<td>6,042,053</td>
<td>350,342</td>
<td>167,706</td>
<td>14,168</td>
<td>4,776</td>
</tr>
<tr>
<td></td>
<td>Peso</td>
<td>423,072</td>
<td>333,247</td>
<td>17,284</td>
<td>10,613</td>
<td>5,364</td>
<td>56,565</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Converted at 0.076</td>
</tr>
<tr>
<td>Ref 1</td>
<td>7,002,117</td>
<td>6,375,300</td>
<td>367,625</td>
<td>178,319</td>
<td>19,532</td>
<td>61,341</td>
<td>0</td>
</tr>
</tbody>
</table>

**Less Ineligibles:**

<table>
<thead>
<tr>
<th></th>
<th>$</th>
<th>$</th>
<th>$</th>
<th>$</th>
<th>$</th>
<th>$</th>
<th>U/A</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ex Pack Associated Company</td>
<td>467,170</td>
<td>419,000</td>
<td>22,300</td>
<td>17,170</td>
<td>8,700</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Ref 2</td>
<td>467,170</td>
<td>419,000</td>
<td>22,300</td>
<td>17,170</td>
<td>8,700</td>
<td>0</td>
<td></td>
</tr>
</tbody>
</table>

**Total Eligible A/R**

<table>
<thead>
<tr>
<th></th>
<th>$</th>
<th>$</th>
<th>$</th>
<th>$</th>
<th>$</th>
<th>$</th>
<th>U/A</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>6,534,947</td>
<td>5,956,300</td>
<td>345,325</td>
<td>161,149</td>
<td>10,832</td>
<td>61,341</td>
<td>0</td>
</tr>
</tbody>
</table>

Ref 3 Ref 4
Understanding Quality of Receivables

- Spread/Concentration
- Speed at which they convert to Cash
- Sector- Contractual- Sell and Forget
- Credit Quality of Customers
- Composition- Volume-
- Dilution- Activity Type
- Age
- Administration/Management
Dilution

• The value of the Receivable that is not paid from customer remittances.
• Credit Notes
• Journals
• Discounts
• Rebates
• Write Offs
• Bad Debts
Calculating Advance Rates

- Advance Rate Applied to Net Eligible Collateral
- Advance Rate will take into account Dilution % and provide a Margin
- Dilution = 5%
- Margin = 10%
- Advance Rate 85%
## Receivables Aged Profile

### Ledger as at: 30-Jun-09

<table>
<thead>
<tr>
<th>Top 5 Balances</th>
<th>%</th>
<th>£</th>
<th>£</th>
<th>£</th>
<th>£</th>
<th>£</th>
<th>£</th>
<th>£</th>
<th>£</th>
<th>Credit Limit</th>
<th>Credit Excess</th>
</tr>
</thead>
<tbody>
<tr>
<td>RS Components (2 accts)</td>
<td>12%</td>
<td>258,619</td>
<td>120,467</td>
<td>138,712</td>
<td>0</td>
<td>0</td>
<td>-559</td>
<td>350,000</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Spicers (2 accts)</td>
<td>12%</td>
<td>250,154</td>
<td>59,926</td>
<td>55,922</td>
<td>30,516</td>
<td>50,715</td>
<td>53,074</td>
<td>250,000</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>GENERAL CO LTD</td>
<td>2%</td>
<td>51,125</td>
<td>36,637</td>
<td>14,265</td>
<td>224</td>
<td>0</td>
<td>0</td>
<td>100,000</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SEACOM France</td>
<td>2%</td>
<td>47,723</td>
<td>13,280</td>
<td>10,477</td>
<td>13,442</td>
<td>10,524</td>
<td>0</td>
<td>50,000</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>MINISTRY OF DEFENCE</td>
<td>2%</td>
<td>45,902</td>
<td>36,053</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>9,850</td>
<td>N/A</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Balancing Figure</strong></td>
<td>69%</td>
<td>1,427,692</td>
<td>646,720</td>
<td>526,701</td>
<td>163,143</td>
<td>60,757</td>
<td>30,370</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Eligible Ledger</strong></td>
<td>100%</td>
<td>2,081,215</td>
<td>913,082</td>
<td>746,076</td>
<td>207,325</td>
<td>121,997</td>
<td>92,735</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Analytical Review

<table>
<thead>
<tr>
<th></th>
<th>£</th>
<th>£</th>
<th>£</th>
<th>£</th>
<th>£</th>
<th>£</th>
<th>£</th>
<th>£</th>
<th>£</th>
<th>30-Jun-09</th>
<th>31-May-09</th>
</tr>
</thead>
<tbody>
<tr>
<td>This Review</td>
<td>2,081,215</td>
<td>100.0%</td>
<td>43.9%</td>
<td>35.8%</td>
<td>10.0%</td>
<td>5.9%</td>
<td>4.5%</td>
<td>30-Jun-09</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prior Month</td>
<td>1,899,683</td>
<td>100.0%</td>
<td>44.7%</td>
<td>36.8%</td>
<td>11.4%</td>
<td>4.4%</td>
<td>2.7%</td>
<td>31-May-09</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Previous Examination</td>
<td>2,331,645</td>
<td>100.0%</td>
<td>40.7%</td>
<td>40.6%</td>
<td>9.2%</td>
<td>4.1%</td>
<td>5.4%</td>
<td>30-Nov-08</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
# Accounts Receivable - Concentrations

**A/R as at:** 31-Jul-14

<table>
<thead>
<tr>
<th>Top 5 Balances</th>
<th>%</th>
<th>Total</th>
<th>01-30</th>
<th>31-60</th>
<th>61-90</th>
<th>91-120</th>
<th>121+</th>
<th>Credits</th>
<th>Credit Limit</th>
<th>Credit Excess</th>
<th>Ledger</th>
</tr>
</thead>
<tbody>
<tr>
<td>FLEXI</td>
<td>25%</td>
<td>1,611,113</td>
<td>1,584,684</td>
<td>30,472</td>
<td>25,952</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>500,000</td>
<td>1,111,113</td>
<td>USD</td>
</tr>
<tr>
<td>Daphny</td>
<td>21%</td>
<td>1,382,511</td>
<td>1,358,764</td>
<td>13,467</td>
<td>4,375</td>
<td>4,279</td>
<td>1,629</td>
<td>0</td>
<td>500,000</td>
<td>876,606</td>
<td>USD</td>
</tr>
<tr>
<td>Sartose</td>
<td>11%</td>
<td>691,168</td>
<td>637,039</td>
<td>52,969</td>
<td>1,453</td>
<td>(292)</td>
<td>0</td>
<td>1,000,000</td>
<td>0</td>
<td>USD</td>
<td></td>
</tr>
<tr>
<td>Zyrate</td>
<td>5%</td>
<td>333,075</td>
<td>330,125</td>
<td>2,951</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>200,000</td>
<td>133,075</td>
<td>USD</td>
<td></td>
</tr>
<tr>
<td>XCO Indust</td>
<td>5%</td>
<td>309,872</td>
<td>153,571</td>
<td>46,749</td>
<td>107,018</td>
<td>2,668</td>
<td>(134)</td>
<td>0</td>
<td>500,000</td>
<td>0</td>
<td>USD</td>
</tr>
<tr>
<td>Others</td>
<td>34%</td>
<td>2,207,208</td>
<td>1,922,112</td>
<td>198,718</td>
<td>22,351</td>
<td>4,177</td>
<td>59,849</td>
<td>0</td>
<td>2,120,795</td>
<td>USD</td>
<td></td>
</tr>
</tbody>
</table>

**Total Eligible A/R**

<table>
<thead>
<tr>
<th>%</th>
<th>Total</th>
<th>01-30</th>
<th>31-60</th>
<th>61-90</th>
<th>91-120</th>
<th>121+</th>
<th>Credits</th>
<th>Credit Limit</th>
<th>Credit Excess</th>
<th>Ledger</th>
</tr>
</thead>
<tbody>
<tr>
<td>100%</td>
<td>6,534,947</td>
<td>5,956,300</td>
<td>345,325</td>
<td>161,149</td>
<td>10,832</td>
<td>61,341</td>
<td>0</td>
<td>0</td>
<td>USD</td>
<td></td>
</tr>
</tbody>
</table>

Ref 6
A/R Spread & Profile

- Customer Concentrations
- Ageing Profile improving/deteriorating
- Debtor Type and Quality
- Composition – Volume-Administration
- Collect out Considerations
# A/R Composition

**Sales Ledger - Receivable Composition**

<table>
<thead>
<tr>
<th>Description</th>
<th>Value or Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Live Accounts</td>
<td>333</td>
</tr>
<tr>
<td>Average Receivable Balance (£k)</td>
<td>£6,250</td>
</tr>
<tr>
<td>Number of Invoices Per Month</td>
<td>105</td>
</tr>
<tr>
<td>Average Invoice Value (£k)</td>
<td>£8,696.0</td>
</tr>
<tr>
<td>Normal Terms of Trade</td>
<td>30/60 days</td>
</tr>
<tr>
<td>Extended Terms</td>
<td>60 EOM days</td>
</tr>
<tr>
<td>Debtor Insurance Renewal Date</td>
<td>30-Jun-10</td>
</tr>
</tbody>
</table>

Additional comments / observations:

- Normal Terms of Trade: 30/60 days
- Extended Terms: 60 EOM days
- Debtor Insurance Renewal Date: 30-Jun-10
- Credit Insurer Policy
- Evidence of Premiums Paid up to Date: Monthly payments seen clearing - by BACS
- Claims in Progress: Just one euro account, Interplanet Dynamic Channels - €7,888
- First Loss: 1,000
- Discretionary Limit: 10,000
- Exports: Euro and USD ledgers
- Discount Schemes: Two debtors permitted 2% and 2.75% early settlement
- UK Sales
- Export Sales
- Evidence of Premiums Paid up to Date: Monthly payments seen clearing - by BACS
- Claims in Progress: Just one euro account, Interplanet Dynamic Channels - €7,888
- First Loss: 1,000
- Discretionary Limit: 10,000
- Exports: Euro and USD ledgers
- Discount Schemes: Two debtors permitted 2% and 2.75% early settlement
Overdue Analysis

- Provides an Idea of true Collectability
- Identify Customer and Product Quality Problems
- Contractual Issues
- Compare to Bad Debt Provisioning in Clients financial statements
- Consider Profitability implications
## Overdue Receivables

<table>
<thead>
<tr>
<th>Debtor Account</th>
<th>Balance 120+ Days</th>
<th>Reserve Required</th>
<th>Reason Code</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>SPICERS LTD</td>
<td>191,888</td>
<td>51,753</td>
<td>0 C</td>
<td>Received £29K since month end. Also contra set offs of well over £30K. Although AP did not list that much for them</td>
</tr>
<tr>
<td>MINISTRY OF DEFENCE</td>
<td>45,902</td>
<td>9,850</td>
<td>0 S</td>
<td>Cannot contact by phone. Have sent pod copies, but will be very slow.</td>
</tr>
<tr>
<td>TECHNOLOGY CO PTE LTD</td>
<td>14,775</td>
<td>6,764</td>
<td>0 U</td>
<td>Paid on 6th July</td>
</tr>
<tr>
<td>SINGAPORE PTE LTD</td>
<td>8,360</td>
<td>5,932</td>
<td>2,428 CI</td>
<td>Consignment invoice, should not have been discounted. Was paying instalments, was £19K. Roughly £5K a month</td>
</tr>
<tr>
<td>DIGICO EUROPE LTD</td>
<td>5,080</td>
<td>5,080</td>
<td>0 PP</td>
<td>With Credit Insurer for collection</td>
</tr>
<tr>
<td>DYNAMIC CHANNELS S.L.</td>
<td>6,212</td>
<td>4,184</td>
<td>2,028 CC</td>
<td>Promised payment for 10th July</td>
</tr>
<tr>
<td>ALCO GMH &amp; CO KG</td>
<td>1,300</td>
<td>3,073</td>
<td>0 P</td>
<td>To be contra at a later date</td>
</tr>
<tr>
<td>VALEO - DAV TUNISIE</td>
<td>35,110</td>
<td>2,097</td>
<td>0 C</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4,456</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Percentage Coverage** 90%
Sales Ledger Control Account

- Taken from Client Records
- Compare to In House Statistics
- Sales Trends – Growth, Decline, Seasonality
- Collection Trends
- Credit Note Trends – Volatility
- Debt Turn- Based on 3 Month Rolling Ave
<table>
<thead>
<tr>
<th>Month</th>
<th>Invoices £</th>
<th>Credit Notes £</th>
<th>Cash £</th>
<th>Dr. Journals £</th>
<th>Cr. Journals £</th>
<th>Closing Balance £</th>
<th>Debt Turn</th>
<th>Credit Note %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jul-09</td>
<td>1,155,854</td>
<td>60,085</td>
<td>1,223,683</td>
<td></td>
<td></td>
<td>2,597,872</td>
<td>N/A</td>
<td>5.2%</td>
</tr>
<tr>
<td>Aug-09</td>
<td>1,032,971</td>
<td>26,497</td>
<td>942,681</td>
<td></td>
<td></td>
<td>2,661,665</td>
<td>N/A</td>
<td>2.6%</td>
</tr>
<tr>
<td>Sep-09</td>
<td>1,104,052</td>
<td>46,891</td>
<td>1,174,027</td>
<td></td>
<td></td>
<td>2,544,799</td>
<td>71</td>
<td>4.2%</td>
</tr>
<tr>
<td>Oct-09</td>
<td>1,173,226</td>
<td>74,828</td>
<td>1,235,793</td>
<td></td>
<td></td>
<td>2,407,403</td>
<td>69</td>
<td>6.4%</td>
</tr>
<tr>
<td>Nov-09</td>
<td>983,993</td>
<td>65,158</td>
<td>994,591</td>
<td></td>
<td></td>
<td>2,331,647</td>
<td>65</td>
<td>6.6%</td>
</tr>
<tr>
<td>Dec-09</td>
<td>696,332</td>
<td>20,005</td>
<td>1,011,706</td>
<td></td>
<td></td>
<td>1,996,268</td>
<td>63</td>
<td>2.9%</td>
</tr>
<tr>
<td>Jan-10</td>
<td>877,589</td>
<td>21,956</td>
<td>921,439</td>
<td></td>
<td></td>
<td>1,930,462</td>
<td>65</td>
<td>2.5%</td>
</tr>
<tr>
<td>Feb-10</td>
<td>862,458</td>
<td>179,437</td>
<td>675,987</td>
<td></td>
<td></td>
<td>1,937,496</td>
<td>69</td>
<td>20.8%</td>
</tr>
<tr>
<td>Mar-10</td>
<td>928,069</td>
<td>40,735</td>
<td>886,927</td>
<td></td>
<td></td>
<td>1,937,903</td>
<td>71</td>
<td>4.4%</td>
</tr>
<tr>
<td>Apr-10</td>
<td>754,011</td>
<td>85,549</td>
<td>915,541</td>
<td></td>
<td></td>
<td>1,690,825</td>
<td>68</td>
<td>11.3%</td>
</tr>
<tr>
<td>May-10</td>
<td>976,852</td>
<td>52,357</td>
<td>715,457</td>
<td></td>
<td></td>
<td>1,899,683</td>
<td>67</td>
<td>5.4%</td>
</tr>
<tr>
<td>Jun-10</td>
<td>961,944</td>
<td>34,943</td>
<td>745,469</td>
<td></td>
<td></td>
<td>2,081,216</td>
<td>73</td>
<td>3.6%</td>
</tr>
<tr>
<td></td>
<td>11,507,351</td>
<td>708,621</td>
<td>11,443,301</td>
<td></td>
<td></td>
<td>0</td>
<td>0</td>
<td>68%</td>
</tr>
</tbody>
</table>

| Period: Jul-09 to Jun-10 | Balance as at Jun-10 £ | 2,081,215 |

11,507,351 708,621 11,443,301 0 0
Credit Note Analysis

• Test is Driven by sales Ledger control Account
• Extensive Testing may be required if there is Deteriorating Debt Turn or High / Volatile credit note movement
• Composition provides reason Analysis
• Lag Test will provide more accurate Dilution data
### Credit Note & Dilution Analysis

<table>
<thead>
<tr>
<th>Credit Note Number</th>
<th>CRN</th>
<th>Amount</th>
<th>£</th>
<th>Customer</th>
<th>A/C Code</th>
<th>Invoice Number</th>
<th>Invoice Date</th>
<th>Dilutory Y/N?</th>
<th>Turn Days</th>
<th>Date Assigned</th>
</tr>
</thead>
<tbody>
<tr>
<td>6670</td>
<td>11-Nov-09</td>
<td>2,333.15</td>
<td>Premier</td>
<td>1</td>
<td>144006</td>
<td>30-Apr-09</td>
<td>Y</td>
<td>191</td>
<td>12-Nov-09</td>
<td></td>
</tr>
<tr>
<td>6696</td>
<td>02-Dec-09</td>
<td>2,283.96</td>
<td>Craterfield</td>
<td>2</td>
<td>153064</td>
<td>28-Nov-09</td>
<td>N</td>
<td>4</td>
<td>03-Dec-09</td>
<td></td>
</tr>
<tr>
<td>6823</td>
<td>30-Mar-10</td>
<td>7,168.10</td>
<td>Emanuelle Adehyor</td>
<td>3</td>
<td>157040</td>
<td>19-Mar-10</td>
<td>Y</td>
<td>11</td>
<td>31-Mar-10</td>
<td></td>
</tr>
<tr>
<td>6824</td>
<td>31-Mar-10</td>
<td>842.42</td>
<td>Partick FC</td>
<td>4</td>
<td>154123</td>
<td>31-Dec-09</td>
<td>Y</td>
<td>90</td>
<td>01-Apr-10</td>
<td></td>
</tr>
<tr>
<td>6863</td>
<td>15-May-10</td>
<td>4,907.87</td>
<td>RPM Electronics</td>
<td>5</td>
<td>157716</td>
<td>31-Mar-10</td>
<td>Y</td>
<td>45</td>
<td>18-May-10</td>
<td></td>
</tr>
<tr>
<td>GBP</td>
<td>18-Feb-10</td>
<td>123,539.60</td>
<td>Spicers Ltd</td>
<td>6</td>
<td>annual</td>
<td>31-Dec-09</td>
<td>Y</td>
<td>48</td>
<td>20-Feb-10</td>
<td></td>
</tr>
<tr>
<td>GBP</td>
<td>20-Apr-10</td>
<td>11,500.00</td>
<td>Oyez Straker Group</td>
<td>6</td>
<td>monthly</td>
<td>31-Mar-10</td>
<td>Y</td>
<td>20</td>
<td>20-Apr-10</td>
<td></td>
</tr>
<tr>
<td>GBP</td>
<td>06-Apr-10</td>
<td>34,385.25</td>
<td>Spicers Ltd</td>
<td>6</td>
<td>monthly</td>
<td>28-Feb-10</td>
<td>Y</td>
<td>38</td>
<td>07-Apr-10</td>
<td></td>
</tr>
<tr>
<td>EURO</td>
<td>20-Apr-10</td>
<td>15,796.95</td>
<td>Agip</td>
<td>6</td>
<td>monthly</td>
<td>31-Jan-10</td>
<td>Y</td>
<td>80</td>
<td>20-Apr-10</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Average</td>
<td></td>
<td></td>
<td>47.0%</td>
</tr>
<tr>
<td><strong>Average turn - dilutory credits against total sample</strong></td>
<td>47.0%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Sample Composition

<table>
<thead>
<tr>
<th>Reason</th>
<th>£</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short shelf life of goods, returned</td>
<td>2,333.15</td>
<td>1%</td>
</tr>
<tr>
<td>Should have been a December invoice</td>
<td>2,283.96</td>
<td>1%</td>
</tr>
<tr>
<td>Goods returned for re-working</td>
<td>7,168.10</td>
<td>4%</td>
</tr>
<tr>
<td>Annual retro rebate 2009</td>
<td>842.42</td>
<td>0%</td>
</tr>
<tr>
<td>Customer cancelled order as was taking too long. Goods had been despatched, but no one had informed accounts of the call back.</td>
<td>4,907.87</td>
<td>2%</td>
</tr>
<tr>
<td>Adjustments relating to numerous rebates and contributions.</td>
<td>185,221.80</td>
<td>91%</td>
</tr>
</tbody>
</table>

### Credit Note Dilution

Based on full sample

<table>
<thead>
<tr>
<th>Credit Note Level</th>
<th>Credit Note Turn</th>
<th>Credit Note Dilution</th>
</tr>
</thead>
<tbody>
<tr>
<td>6%</td>
<td>47</td>
<td>9.7%</td>
</tr>
</tbody>
</table>
Contra Test

• Compares Sales To Purchase Ledgers to Identify Common Debtors/Creditors
• Consider Contra Financing Policy
• Consider Purchase Ledger Integrity
• Purchase Ledger Cheques in draw
• Purchase Ledger Posting Lag
• Consider associate / affiliate purchase activity.
## Contra Trading

<table>
<thead>
<tr>
<th>Receivable / Payable</th>
<th>S/L Balance £</th>
<th>S/L 120+ Days £</th>
<th>P/L £</th>
<th>Additional Reserve Required £</th>
</tr>
</thead>
<tbody>
<tr>
<td>CDC SPA</td>
<td>12,107</td>
<td>0</td>
<td>2,328</td>
<td>2,328</td>
</tr>
<tr>
<td>Corwen Trading Co</td>
<td>5,199</td>
<td>0</td>
<td>2,162</td>
<td>2,162</td>
</tr>
<tr>
<td>Despec BV</td>
<td>20,817</td>
<td>-431</td>
<td>555</td>
<td>986</td>
</tr>
<tr>
<td>Bureau 2</td>
<td>22,381</td>
<td>0</td>
<td>205</td>
<td>205</td>
</tr>
<tr>
<td>Inmac Gmbh</td>
<td>1,808</td>
<td>0</td>
<td>2,873</td>
<td>1,808</td>
</tr>
<tr>
<td>Neopost</td>
<td>2,119</td>
<td>0</td>
<td>154</td>
<td>154</td>
</tr>
<tr>
<td>Poly Supplier Co</td>
<td>1,344</td>
<td>0</td>
<td>74</td>
<td>1,300</td>
</tr>
<tr>
<td>Premiere</td>
<td>45,918</td>
<td>610</td>
<td>9,400</td>
<td>8,790</td>
</tr>
<tr>
<td>RadioSpare</td>
<td>20,474</td>
<td>0</td>
<td>2,062</td>
<td>2,062</td>
</tr>
<tr>
<td>RS Components</td>
<td>258,619</td>
<td>-559</td>
<td>2,226</td>
<td>2,785</td>
</tr>
<tr>
<td>Commerce Co</td>
<td>68</td>
<td>0</td>
<td>312</td>
<td>68</td>
</tr>
<tr>
<td>Seacom (Buro+)</td>
<td>47,723</td>
<td>0</td>
<td>1,421</td>
<td>1,421</td>
</tr>
<tr>
<td>Mid Ltd</td>
<td>1,811</td>
<td>0</td>
<td>-3,694</td>
<td>0</td>
</tr>
<tr>
<td>Spicers</td>
<td>250,154</td>
<td>53,074</td>
<td>81,362</td>
<td>28,288</td>
</tr>
<tr>
<td>Univar</td>
<td>3,157</td>
<td>-189</td>
<td>12,432</td>
<td>3,346</td>
</tr>
<tr>
<td>Agip</td>
<td>38,108</td>
<td>0</td>
<td>9,600</td>
<td>9,600</td>
</tr>
</tbody>
</table>

**Total:** 65,301
Shipping Test

• Purpose – To establish the Integrity of the Sales Ledger Collateral
• Identify Pre-delivery or Fresh Air Invoicing
• Identify Pre-Assigning of debt
• Consider quality of Proof of Delivery
• Sample Size Driven by Debt Turn and Credit Note trends
• Direct Delivery & 3rd Party Warehousing
### Proof Of Delivery Test

<table>
<thead>
<tr>
<th>Invoice No</th>
<th>Customer Name</th>
<th>Invoice Date</th>
<th>Value £</th>
<th>Type of Order (written/fax/)</th>
<th>Date of Order</th>
<th>Del Note No.</th>
<th>POD Date</th>
<th>POD Type</th>
<th>Pre Invoicing</th>
<th>Date Assigned</th>
<th>Pre-Assigned</th>
<th>Comments - Own vehicles/Third party carrier etc.</th>
</tr>
</thead>
<tbody>
<tr>
<td>160369</td>
<td>Valentones</td>
<td>29-May-10</td>
<td>2,198.51</td>
<td>W</td>
<td>29-May-10</td>
<td>908083</td>
<td>11-Jun-10</td>
<td>DPOD</td>
<td>12</td>
<td>08-Jun-10</td>
<td>3</td>
<td>Appears to be pre-invoiced although it is likely the month end was left open.</td>
</tr>
<tr>
<td>161800</td>
<td>Ministry of Defence</td>
<td>30-Jun-10</td>
<td>36,052.50</td>
<td>W</td>
<td>No date</td>
<td></td>
<td>06-Jul-10</td>
<td>SPD</td>
<td>6</td>
<td>06-Jul-10</td>
<td>0</td>
<td>Crowfoots carriers</td>
</tr>
<tr>
<td>161706</td>
<td>Chemical Co</td>
<td>30-Jun-10</td>
<td>15,810.92</td>
<td>W</td>
<td>02-Jun-10</td>
<td>306608</td>
<td>08-Jul-10</td>
<td>XW</td>
<td>8</td>
<td>03-Jul-10</td>
<td>5</td>
<td>Exworks, collected and signed for by driver.</td>
</tr>
<tr>
<td>161579</td>
<td>General Co</td>
<td>30-Jun-10</td>
<td>36,861.52</td>
<td>EMAIL</td>
<td>02-Jun-10</td>
<td></td>
<td></td>
<td>NPOD</td>
<td></td>
<td></td>
<td></td>
<td>Goods have not reached customer as yet, no pod available.</td>
</tr>
<tr>
<td>161235</td>
<td>Spicers</td>
<td>24-Jun-10</td>
<td>1,804.50</td>
<td>W</td>
<td>03-Jun-10</td>
<td>202091</td>
<td>26-Jun-10</td>
<td>XW</td>
<td>2</td>
<td>25-Jun-10</td>
<td>1</td>
<td>Exworks, collected and signed for by driver.</td>
</tr>
<tr>
<td>161068</td>
<td>RS Components Ltd</td>
<td>22-Jun-10</td>
<td>1,513.34</td>
<td>W</td>
<td>No date</td>
<td>10286</td>
<td>24-Jun-10</td>
<td>RSGR</td>
<td>2</td>
<td>23-Jun-10</td>
<td>1</td>
<td>RS components goods received docket signed.</td>
</tr>
<tr>
<td>160873</td>
<td>Pelican Case</td>
<td>17-Jun-10</td>
<td>5,113.32</td>
<td>W</td>
<td>16-Jun-10</td>
<td>603179</td>
<td>19-Jun-10</td>
<td>DPOD</td>
<td>2</td>
<td>18-Jun-10</td>
<td>1</td>
<td>Dachser pod</td>
</tr>
<tr>
<td>160720</td>
<td>Spicers Ltd</td>
<td>15-Jun-10</td>
<td>2,248.16</td>
<td>W</td>
<td>08-Jun-10</td>
<td>106800</td>
<td>15-Jun-10</td>
<td>SPD</td>
<td></td>
<td>0</td>
<td>16-Jun-10</td>
<td>OK Burton Despach (carrier)</td>
</tr>
<tr>
<td>160660</td>
<td>Seacom</td>
<td>12-Jun-10</td>
<td>1,748.43</td>
<td>W</td>
<td>14-May-10</td>
<td>803832</td>
<td>18-Jun-10</td>
<td>DPOD</td>
<td>6</td>
<td>15-Jun-10</td>
<td>3</td>
<td>Dachser collected 13/06</td>
</tr>
<tr>
<td>160409</td>
<td>RS Components Ltd</td>
<td>08-Jun-10</td>
<td>5,154.01</td>
<td>W</td>
<td>06-May-10</td>
<td>10249</td>
<td>10-Jun-10</td>
<td>RSGR</td>
<td>2</td>
<td>09-Jun-10</td>
<td>1</td>
<td>RS components goods received docket signed.</td>
</tr>
</tbody>
</table>

Total value of sample tested = 108,505.21
Percentage of current ledger = 5.2%
### Percentage Coverage

<table>
<thead>
<tr>
<th>Reason</th>
<th>Reason Code</th>
<th>Count</th>
<th>% of Sample</th>
<th>% of Total Overdue</th>
<th>Overdue</th>
<th>Total Balance</th>
<th>% Cross Aged</th>
</tr>
</thead>
<tbody>
<tr>
<td>Slow Paying but Collectable</td>
<td>S</td>
<td>3</td>
<td>50.8%</td>
<td>52.4%</td>
<td>37,854</td>
<td>79,942</td>
<td>47.4%</td>
</tr>
<tr>
<td>Subsequently Paid</td>
<td>U</td>
<td>0</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0</td>
<td>0</td>
<td>#DIV/0!</td>
</tr>
<tr>
<td>Quality Dispute</td>
<td>Q</td>
<td>0</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0</td>
<td>0</td>
<td>#DIV/0!</td>
</tr>
<tr>
<td>Probable Write Off</td>
<td>W</td>
<td>0</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0</td>
<td>0</td>
<td>#DIV/0!</td>
</tr>
<tr>
<td>Billing Error</td>
<td>E</td>
<td>0</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0</td>
<td>0</td>
<td>#DIV/0!</td>
</tr>
<tr>
<td>Return</td>
<td>R</td>
<td>0</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0</td>
<td>0</td>
<td>#DIV/0!</td>
</tr>
<tr>
<td>Payment Expected</td>
<td>P</td>
<td>3</td>
<td>10.3%</td>
<td>10.6%</td>
<td>7,657</td>
<td>293,582</td>
<td>2.6%</td>
</tr>
<tr>
<td>Bankruptcy</td>
<td>B</td>
<td>0</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0</td>
<td>0</td>
<td>#DIV/0!</td>
</tr>
<tr>
<td>Pending Credit to be issued</td>
<td>F</td>
<td>0</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0</td>
<td>0</td>
<td>#DIV/0!</td>
</tr>
<tr>
<td>Extended Terms</td>
<td>T</td>
<td>0</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0</td>
<td>0</td>
<td>#DIV/0!</td>
</tr>
<tr>
<td>Other</td>
<td>O</td>
<td>1</td>
<td>38.9%</td>
<td>40.1%</td>
<td>28,950</td>
<td>29,018</td>
<td>99.8%</td>
</tr>
</tbody>
</table>

**Total:**

- 100.0%
- 103.2%
- 74,460
- 402,543
- 18.5%
Managing Risk

• Initial Field Examination
• Month End Reporting Regimes
• Regular Follow up Audits- Testing of Collateral at Borrowers Premises and Liquidity Conditions
• Trend Analysis
• Management Reporting
Monthly Turnover Days

Days

Month
