

CORPORATE AND ACADEMIC SERVICES

MODULE SPECIFICATION

Part 1: Basic Data					
Module Title	Credit Management: Theory and Practice				
Module Code	UMAD5N-15-2	Level	2	Version	1.1
Owning Faculty	FBL	Field	Accounting and Finance		
Contributes towards	BA (Hons) Accounting and Finance, BA(Hons) Business Studies with Accounting and Finance, BA (Hons) Banking and Finance				
UWE Credit Rating	15	ECTS Credit Rating	7.5	Module Type	Standard
Pre-requisites			Co- requisites		
Excluded Combinations			Module Entry requirements		
Valid From	September 2012		Valid to		

CAP Approval Date	23/4/12
--------------------------	---------

Part 2: Learning and Teaching	
Learning Outcomes	<p>On successful completion of this module students will be able to:</p> <ul style="list-style-type: none"> • Explain the nature of strategic credit planning; the structure of organisations' credit function and the role of credit manager. (A,B) • Design an efficient credit policy in the context of a firm's mission, identify and compare and contrast different credit activities in companies' core areas. (A,B) • Calculate the cost of credit and the effect of extending credit on business performance, with a focus on profitability and liquidity. (A,B) • Discuss the decision behind vertical integration versus outsourcing the credit function within an organisation. (A,B) • Describe the different policies and practices and the credit process from granting credit to the payment of an invoice. (A,B) • Critically evaluate and analyse credit management practices in a real-life context(A,B). • Evaluate different credit assessment techniques and classify customers into risk categories using appropriate conventional techniques. (A,B) • Interpret and analyse debtors' levels in the balance sheet. (A,B) • Collect credit data and produce relevant credit information for use by management within a variety of organisational environments. (A,B) • Create basic models for use within credit management and identify the underlying assumptions of conventional techniques and processes. (A,B) • Research a topical issue in credit management and develop appropriate credit policies. (A,B) <p>In addition, the educational experience may explore, develop, and practise the</p>

	<p>following:</p> <ul style="list-style-type: none"> • Communication of information, ideas, arguments, concepts, theories and development of an argument in a clearly and effectively organised essay or report. • Use of IT and computer skills in the identification of source material, capture and manipulation of data and support of research. • Planning and undertaking tasks, developing criteria to evaluate performance and seeking and making use of feedback. <p>Reflection on the integration of credit theory into practice and development of critical skills needed for efficient credit professionals.</p>
Syllabus Outline	<ul style="list-style-type: none"> • The theory, nature and related costs and benefits of Credit Management (Economics of credit, Trade, Export and Consumer Credit, Costs and benefits of Credit Management) • Credit Terms, Products and Services (according to customer type, mechanics of credit products in trade, export and consumer credit, importance of customer identification for credit purposes) • Key Factors affecting choice of Credit Policy (influence of Credit Policy as an investment tool, Credit Policy to promote sales growth, as a bargaining tool) • Incentives offered to customers to increase sales (impact on credit management) • Credit Assessment (importance of cash flow, financial and non-financial analysis of different types of customers, working capital considerations) • Incentives and promotional forms of credit (types of customers and classification, handling large account customers, trade and customer relationships) • Credit Performance Measures and Reporting (importance of credit performance measures, key ratios, ledger and customer management) • Analysing and reporting KPIs of the credit function (collection policies, management of in-house collections, use of third parties, bad debt policies, factoring, outsourcing and shared service centres, credit risk mitigation) • Legal aspects of Credit Management (consumer and commercial Law, developments in the regulatory framework) • Importance of Current Issues in Credit Management in today's business environment (costs and implications in using services to buyer and seller, competitive advantage and perceptions, opportunities and threats to credit management, Globalisation of the credit function) • Efficient credit management (delegation and empowerment of credit staff and training opportunities)
Contact Hours/Scheduled Hours	12 weeks, 3 hours per week: 36
Teaching and Learning Methods	<p>Real-life, practical examples will be introduced to help engage the students in credit analysis and the management of credit. Students will be encouraged to approach the issues from a variety of different angles. Lectures will be backed up with hand-outs for all the material covered. Students will be encouraged to participate and share any practical experiences so that the class as a whole benefits from the collective experience.</p> <p>The emphasis is on providing a structured learning environment within which the student can develop an understanding of, and skills within, the subject area of credit management. In particular, the focus is on supporting students in the development of skills that will enable them to become progressively more independent learners during the year. Students, in addition to the scheduled contact hours, should engage with essential reading, assignment preparation and completion.</p> <p>Students will be directed towards the University Library online Study Skills resources for the development of skills appropriate to the level and style of the module. Students will be directed on how the resources on this site should be used to develop the skills that will underpin their studies in the module handbook and/or via Blackboard:</p>

(<http://www.uwe.ac.uk/library/resources/hub/>).

Lecture : 12
Lectorial: 12
Workshop: 12
Hours total: 36

Independent Study includes, but is not necessarily restricted to, engaging in essential reading, workshop preparation, contribution to online discussion, development of academic and generic skills, assignment preparation and completion and examination preparation.

Hours total: 114

Key Information Sets Information

Key Information Sets (KIS) are produced at programme level for all programmes that this module contributes to, which is a requirement set by HESA/HEFCE. KIS are comparable sets of standardised information about undergraduate courses allowing prospective students to compare and contrast between programmes they are interested in applying for.

Key Information Set - Module data				
Number of credits for this module				
				15
Hours to be allocated	Scheduled learning and teaching study hours	Independent study hours	Placement study hours	Allocated Hours
150	36	114	0	150



The table below indicates as a percentage the total assessment of the module which constitutes a:

Written Exam: Unseen written exam, open book written exam, In-class test

Coursework: Written assignment or essay, report, dissertation, portfolio, project

Practical Exam: Oral Assessment and/or presentation, practical skills assessment, practical exam

Please note that this is the total of various types of assessment and will not necessarily reflect the component and module weightings in the Assessment section of this module description:

Total assessment of the module:

Written exam assessment percentage	50%
Coursework assessment percentage	20%
Practical exam assessment percentage	30%
	<u>100%</u>

Reading Strategy

All students will be encouraged to make full use of the print and electronic resources available to them through membership of the University. These include a range of electronic journals and a wide variety of resources available through web sites and information gateways. The University Library's web pages provide access to subject relevant resources and services, and to the library catalogue. Many resources can be accessed remotely. Students will be presented with opportunities within the curriculum to develop their information retrieval and evaluation skills in order to identify such resources effectively.

	<p>Students will be expected to utilise a range of reading and other materials to undertake further independent research to extend their familiarity and appreciation of the subject and to help them prepare for the in-course assessment and examination in this module.</p> <p>The core text will be</p> <p>Edwards, B. (2004). <i>Credit Management Handbook</i>. 5th Edition. London: Gower Publishing.</p> <p>Students will be expected to purchase this text. The text may change from one year to another; therefore, students should check the module handbook before purchasing</p>
Indicative Reading List	<p>Further reading is desirable and it will help students expand their knowledge and understanding. Indicative sources of further reading include:</p> <ul style="list-style-type: none"> • Bass, R. (1994). <i>Credit Management: How to Manage Credit Effectively and Make a Real Contribution to Profits</i>. London: Nelson Thornes. • Cook, A. (2001). <i>The Ultimate Guide to Export Management</i>. New York: AMACOM. • Dixie, A. (2009). <i>Implementing Successful Credit Control</i>. 4th edition. London: Management Books 2000 Ltd. • Grath, A. (2005). <i>The Handbook of International Trade and Finance</i>. London: Kogan Page. • Hedges, R. (1997). <i>Managing Credit: How to Manage the Basic Skills of Credit Control</i>. London: How To Books Ltd. • Mason, R. (1992). <i>Successful Credit Control</i>. London: Thorogood. • Mason, R. (2003). <i>The Complete Guide to Debt Recovery</i>. London: Thorogood. • Paul, S. (2010). <i>Strategic Credit Management: An Empirical Study</i>. Saabrücken: VDM Verlag. • Posner, M. et al. (2003). <i>Tolley's Effective Credit Control and Debt Recovery Handbook</i>. 3rd Edition. London: Tolley Publishing. • Reuvid, J. (2010). <i>The Business Guide to Credit Management: Advice and Solutions for Cost Control, Financial Risk Management and Capital Protection</i>. London: Kogan Page. • Schaeffer, M. (2001). <i>International Credit and Collections: A Guide to Extending Credit Worldwide</i>. New York: John Wiley and Sons. • Schaeffer, M. (2002). <i>Essentials of Credit, Collections, and Accounts Receivable</i>. New Jersey: John Wiley & Sons, Inc. • Wells, R. (2004). <i>Global Credit Management: An Executive Summary</i>. Chichester: Wiley Finance. <p>The textbook will be supplemented from time to time with specific references to articles in academic and professional journals such as <i>Journal of Finance</i>, <i>Journal of Applied Corporate Finance</i>, <i>Journal of Credit Management</i>, <i>Journal of Business Finance and Accounting</i>, <i>Journal of Financial and Quantitative Analysis</i>, <i>Review of Financial Studies</i>, <i>Journal of Small Business and Enterprise Development</i>, <i>International Small Business Journal</i>, <i>Journal of Finance and Qualitative Analysis</i> which are available in hard and electronic copy in the university library.</p> <p>The module also adopts a practical approach to credit management and students will be required to keep up to date with any new developments in the area through well established networks (e.g. ICM, NACM, CCR, CCR World, Credit Today, etc).</p>

Part 3: Assessment

Assessment Strategy	<p>The assessment will facilitate a holistic and detailed coverage of the module content and allow students to apply corporate finance theory.</p> <p>A case study that links most of the syllabus will be given to students at the beginning of the term. In groups, students will have to prepare a presentation</p>
---------------------	--

	<p>to be delivered during their designated lectorial (weighted 60%). Following the presentation, each student will be required to complete a reflective exercise consisting of a 750-word essay (weighted 40%). The weighted group presentation and essay mark accounts for 50% of the module mark.</p> <p>Summative assessment consists of a three-hour closed book examination weighted 50%. Assessment by examination is required by the professional bodies for the purpose of exemptions.</p>
--	--

Identify final assessment component and element	Component A	
% weighting between components A and B (Standard modules only)	A:	B:
	50%	50%
First Sit		
Component A (controlled conditions) Description of each element	Element weighting (as % of component)	
1. Exam (3 hours)	100%	
Component B Description of each element	Element weighting (as % of component)	
1. Case Study group presentation	60%	
2. Reflective Essay (750 words)	40%	

Resit (further attendance at taught classes is not required)	
Component A (controlled conditions) Description of each element	Element weighting (as % of component)
1. Exam (3 hours)	100%
Component B Description of each element	Element weighting (as % of component)
1. Essay (2,000 words)	100%
If a student is permitted an EXCEPTIONAL RETAKE of the module the assessment will be that indicated by the Module Description at the time that retake commences.	