

NCI MINUTE

your quarterly trade credit update

A word from the MD

Once a credit account is set-up, ongoing monitoring is crucial

I would like to take this opportunity to remind you about the importance of monitoring your debtors. Preventing bad debts is a much better business practice than trying to recoup lost money in additional sales. If you would like more information on how NCI can help in this area, speak to one of our account managers directly or visit nci.com.au/radar.

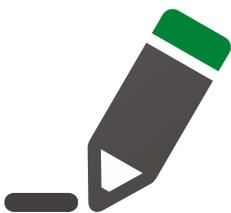


Kirk Cheesman
NCI Managing Director

As the Festive season is fast approaching, I wish you all a safe break and a prosperous new year.

Kind regards

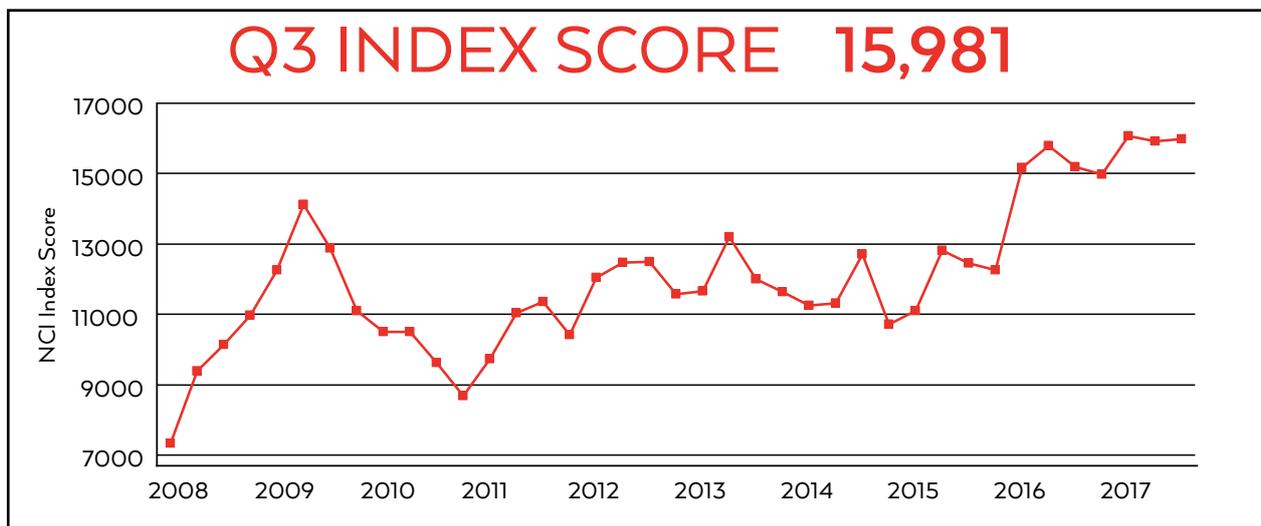
Kirk Cheesman
Managing Director



Latest Information

Trade credit risk score remains flat

NCI are happy to report that the Trade Credit Risk Index remained flat in Q3. To view the whole index, click [here](#).



The Importance Of Security



Real Client Example: One

Our client registered a security interest on PPS for goods supplied. Their outstanding debt as at the date of the Administrators appointment was \$26,472. The Administrator requested our client collect goods, however, the product had been specifically made for the company and held very little value for our client. They were initially not interested in dealing with the product for which payment was outstanding.

Our client's PMSI registration gave a "super-priority" over goods that had been supplied but not paid for as well as over any proceeds arising from the on-sale or use of those goods.

The liquidator sought legal advice on the argument we presented on behalf of the client and in return, offered full settlement of their PPS claim. Our client was naturally delighted.

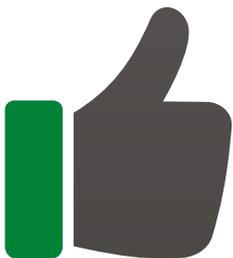
Real Client Example: Two

Our client lodged a claim on their insurer for an outstanding debt of \$272,552. The debt owed by their client was guaranteed by their parent company in the USA.

Our client successfully enforced their rights under the guarantee and recovered their full debt from the guarantor. What a great outcome. The claim on the policy was withdrawn and their insurer was obviously happy to pay the costs incurred in pursuit of the guarantor rather than pay a sizeable claim on the policy.

These examples demonstrate the need to never underestimate the value or importance of security held over debts.

Whilst security does not always result in a recovery, it is much better to have some form of security in place than not. One thing is certain, if there is no security held, there is definitely no recovery prospects (unless by way of a dividend in the insolvent estate). Securing your interests via PPS registrations or guarantees, not only improves any chances of recovery, it demonstrates prudent credit risk management.



World Focus

Past due B2B receivables in Australia

Atradius has released a report showing the change in receivables that are past due in Australia, domestic receivables have risen 2% while international has dropped by 2%.

See right or view the entire report [here](#).

