

Company:	A&A Computers Ltd.
Document:	Credit issuance policy
Created:	05/02/2010
Last revision:	05/02/2010
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This policy for the issuance of credit at A&A Computers Ltd. provides guidance on the circumstances and conditions for issuing credit.

Positive effects of credit:

- Credit allows companies to smoothly purchase their requirements from A&A Computers. It improves our turn-over and increases trust and dependency of the client.
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Negative effects of credit:

- Some companies treat credit as a loan to them. If they pay back slowly, then A&A Computers lacks money to purchase stock from suppliers. Low stock levels decrease our turn-over.
- Some companies and individuals intend to defraud us. Typically they first repay up to three credit sales, thereby gaining our trust. They then place a big order and do not pay.
- A&A staff members purchasing from our shops:
 - May enjoy special discounts, and then resell the item. This diverts income from A&A Computers.
 - Want to pay back over several months. This is a concealed loan.

1. **Credit applications:** Customers requesting credit are to complete a credit application form. This form is to be forwarded to the MD for approval.
2. **Approving credit:** Only the Managing Director may approve credit to clients. These clients are then entered in:
 - a. The QuickBooks field "Confidential – Do not change!" with conditions that may apply. The Stock controller and administrators are responsible to keep this list up to date.
 - b. The file "Approved Credits", kept by the MD and made available on our website – "A&A Staff only". This file is to be consulted in case of doubt.
3. **Non-approved credits:** Employees giving credit to non-approved clients will upon defaulting be given a personal demand note for the unpaid amount.
4. **Staff credit:** Only the Managing Director may approve credit to staff.
5. **Discounts on staff purchases:** Only the Managing Director may approve any discount exceeding 3% to be given to A&A staff.

This policy will be strictly enforced. Abuse of this policy will lead to disciplinary action being taken up to and including termination.

I have fully understood the above five clauses and agree to adhere to them:

The Employee:	Name: Place: Date: / / Signature:
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