

# Get Your Money

A Newsletter by Assegai Communications

[www.getyourmoney.co.za](http://www.getyourmoney.co.za)

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Dear Reader

Reading time: 4 minutes

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## CREDIT POLICY ESSENTIALS FOR SMALL BUSINESSES

Providing your customers with credit will most certainly lead to an increase in sales. But if your business does not have a strong credit policy, or doesn't follow it exactly to the letter - your extension of credit could be costing your business.

If done correctly, a credit policy can protect your company from errant debtors and improve your cash flow, but drawing it up can be quite a daunting task.

Here are some credit policy essentials to keep in mind:

- Your terms of sale;
- How credit is evaluated;

- Maximum credit limits;
- Identify individuals authorised to approve credit limits and exceptions;
- Identify individuals with specific credit responsibilities;
- Consequences of late or non-payment, such as charging interest, withholding goods or legal action;
- An outline of how collections will be handled.

A credit policy is just as essential to a successful business as a business plan. Ensure that your staff are familiar with the policy, everyone from sales to admin. They need to be aware of the contents of the policy if they are to adhere to it and operate within its bounds.

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### **UPDATE ON THE NATIONAL CREDIT ACT**

All providers of credit were required to register with the National Credit Regulator within 40 working days from the 1 June 2006. According to a recent article in Personal Finance they have already received 3 500 applications. Of these 3 169 have been temporarily registered.

The second phase of the National Credit Act came into play on 1 September 2006. This phase saw the establishment of The National Consumer Tribunal, which will hear consumer complaints about credit agreements and credit providers. The Tribunal will make orders regarding any conduct prohibited by the National Credit Act.

We now await implementation of the third and final phase of the act on 1 June 2007. These final provisions include new and improved consumer rights, the regulation of credit marketing practices, the introduction of pre-agreement disclosures and mechanisms for consumers who are unable to pay off their debts.

Contact information for the National Credit Regulator can be found on our website [www.getyourmoney.co.za](http://www.getyourmoney.co.za)

Ensure that your business is making the necessary changes in line with the new regulations, if you fall foul of the new Act; you could find yourselves facing heavy penalties.

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## **CREDIT CONTRACT NEWSFLASH**

Certain Latin terms are no longer permitted in credit agreements. There are other essential changes, too. Is your contract legal? Check it out!

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## **CREDIT CONTROLLERS DAY**

A reminder that National Credit Controllers Day takes place on 13 October 2006! Diarise it! It's the perfect opportunity to show them some appreciation for the tough job they undertake on a daily basis. Remember, they are a crucial part of the team and their success is the businesses success!

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## **BREAKFAST SEMINAR FOR PROFESSIONALS**

**"Get Your Money Sooner!"**, a breakfast seminar for Attorneys, Accountants and other self-employed Professionals will be held in Durban on 27 September 2006 at the Durban Country Club (see seminar diary for more information). This will be the first in what we anticipate will be a series of breakfast seminars taking place around the country, targeted for specific industries. See our next edition further details of one in your area!

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