

STANDARD OPERATING PROCEDURE	CODE: AR-003		PAGE: 1 of 4
	EFFECTIVE:		UPDATE NO.: 0
	INITIATED BY: PRIMA CONSULTANT CO.,LTD.		DEPT./SECTION:
	REVIEWED BY:		
	APPROVED BY:		
	SUBJECT:	CREDIT APPROVALS	

OBJECTIVE:

To ensure that the credit facilities applied to customer was properly check & control

POLICY:

Credit applications will be required for any extensions of credit. Information obtained From clients must be independently verified and verified and evaluated. Credit will only be extended by persons within the limits set in this policy. Do not assume that if credit has been given previously that it should automatically be given again without being reassessed.

PROCEDURE:

Requests for Credit Facilities will generally be received within one of these 3 categories

- Corporate Accounts
- Wholesaler/Tour Operators/Travel Agent
- Banquets and Functions

The procedure to determine approval for credit facilities will be the same for every request.

Wherever possible, prepayment or partial advance payment should be sought from the customer.

Any request for Credit Facilities must be initiated by completing a “Credit Application Form”.

Once a “Credit Application Form” is completed, The credit Manager/AR Supervisor will adopt the following processes for determining if a request is suitable for granting credit;

- a. General Information about the company

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Examples of key information required:

- The type of business of the company and the industry in which it operates
 - The type of company e.g. Head office, subsidiary, representative office, etc
 - The company's relationship with other well-known companies (if any)
 - The relative size of the company compared to other similar players in the industry
 - Company needs to be established for > 1 year
 - Company needs to have registered capital of > Baht 1,000,000
 - Company must have good credit rating
 - The Company Registration Details are accurate
- b. For credit reference and payment history , The Credit Manager/AR Supervisor must review the following;
- Reference from at least 3 other similar rated hotels with similar spending
 - Bank Reference
 - Other Trade Creditor References
 - Credit Reference Agency and Hotel Credit Manager Association
 - Prior history with our sister Hotel
 - The company current policy on invoice receipt and payment
 - Whether the company needs a contract for the bookings
 - Contact person for billing and payment
 - Site visitation or reference from websites or other hotel industry forums

After completing comments, Credit manager/AR Supervisor signs credit approval (or non-approval) and pass on to Financial Controller and General Manager for approval Credit manager/AR Supervisor must give comments on the particular company based on the information obtained.

The key information needed in the "comment" section are :

- Whether or not other hotels are giving this company credit and known payment behaviors
- Company's instruction and payment procedures e.g. payment only made every Friday
- Suggested credit limits and terms of payment

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Approval for Credit Limits will be subject to the following schedule;

Credit Amount	Approved by
- Up to THB 50,000	- Credit Manager/AR Supervisor
- THB 50,001 –100,000	- Credit Manager and Financial Controller
- THB 100,001- up	- Financial Controller and General Manager

Guidelines for Determining Credit Limits

- a. For existing wholesales/ travel agents customers – Calculate the credit limits based the customers’ past performance by taking the total number of rooms nights during 2 peak period months, multiply by the average room rate
- b. For new wholesales/ travel agents customers – Calculate the credit limits based the customer’ expected room nights to be submitted during 2 peak period months, multiply by the average room rate
- c. For corporate customers – Calculate the credit limits based on the expected payment amount

Credit Manager/AR Supervisor sends letter to inform the company/ organization regarding the credit approval

Director of Finance may set lower limits at their discretion.

Once a credit application has been processed and approved, a copy of the completed credit application should be distributed to the following departments:

- a. Credit Manager/AR Supervisor, which is maintained in the Collection file
- b. Sales
- c. Food & Beverage/Catering (if applicable)
- d. Meeting/Convention Services (if applicable)

If you become aware of a major change in a company’s financial status then a fresh credit application must be required.

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Chief Accountant

Date

Financial Controller

Date

Director of Finance

Date