



Credit Rating

The rating reflects the past & predicts the future

The Graydon Rating is an alpha numeric rating read in conjunction with a credit guide figure. It is based on all the information and data on our database and it summarises our overall opinion on your subject of enquiry.

At the beginning of our reports, you will find the rating alongside a monthly credit guide figure and the risk category ranging between low and high.

Doing business is risky, as well as competitive and the rating and risk category are designed to improve your credit control by:

- Allowing you to despatch goods or services without delay (or to prevent despatch), or change credit terms
- Influencing your credit limits on new and existing customers
- Providing sales colleagues with objective company information

In regular tests by Credit Insurance Companies, the Graydon rating has consistently shown its ability to assess solvency and liquidity, and to accurately predict the relative risk and survivability of a company. For this reason, you will find the Graydon rating is endorsed by all leading Credit Insurance Companies, including Coface, Atradius and Euler Hermes.

If credit insured, the Graydon rating can be used to support a claim.

When should you seek a Graydon Rating?

When you are opening a new account or reviewing an existing account, we recommend you seek a Graydon rating in order to assess the degree of your risk:

- A range of different levels of credit reports and other services are available to meet your requirements and to satisfy your budget.
- Simply choose the most appropriate service not just for assessing debtors, but also to check on your key suppliers and major competitors.

How can you receive the Graydon rating?

The Graydon Rating is used in the majority of Graydon UK products, where you will find:

- **Graydon Credit Rating:**
1A
- **Monthly Credit Guide:**
£1,000,000 plus
- **Risk Category:**
Low Risk

The rating is also supplied in our CreditWatch 2 monitoring, our CreditScan, and ePatrol ledger management products.

Credit Rating Guide



Limited companies

| RATING | £ | OVERALL RISK LEVEL | | | |
|--------|--|--------------------------|---------------------|---------------------|---------------------|
| | | A (Excellent) £ '000s | B (Good) £ '000s | C (Fair) £ '000s | D (Poor) £ '000s |
| | Financial Strength | | | | |
| 1 | £50m plus | 1000 | 750 | 300 | 125 |
| 2 | £20m-49m | 400 | 250 | 150 | 75 |
| 3 | £6m-19m | 200 | 100 | 70 | 40 |
| 4 | £1m-5m | 100 | 70 | 40 | 20 |
| 5 | £500k-999k | 70 | 50 | 30 | 15 |
| 6 | £250k-499k | 40 | 30 | 20 | 10 |
| 7 | £100k-249k | 20 | 15 | 10 | 5 |
| 8 | £50k-99k | 10 | 7.5 | 5 | 2.5 |
| 9 | £25k-49k | 5 | 3.75 | 2.5 | 1.25 |
| 10 | £1-24k | 2.5 | 1.75 | 1.25 | 0.75 |
| 0 | Less than £1 - this does not necessarily imply that the subject is not creditworthy. In this instance closer inspection of the company, its parentage etc. is recommended. A credit risk assessment on a specific amount is always available in a level 4 investigated report. | | | | |
| A | Agent (files non-trading accounts at Companies Registry). | | | | |
| N | Used for newly incorporated companies where accounts are not yet due to be filed and where no negative information exists. Monthly credit guide up to £50,000. | | | | |
| NIL | Used for companies who have not filed accounts in the last 2 years, for dormant companies or for newly incorporated companies with negative information. | | | | |
| X | Financial embarrassment or closure - credit is not recommended. | | | | |
| S | Special Rating. Monthly credit guide up to £1,000,000. This applies to companies of good credit standing (Low to Normal risk) who, for one reason or another, do not fit into the above structure. | | | | |
| SN | Special Rating. Monthly credit guide up to £10,000. This applies to creditworthy companies (Normal to Above Normal risk) who, for one reason or another, do not fit into the above structure. | | | | |
| P | Parental Link. This rating only applies to strategically important establishments that are part of larger creditworthy organisations. Depending on the financial status of the parent, monthly credit guide could be either £50,000 or £500,000. | | | | |

N.B. Financial Strength Rating is based on Shareholders Funds + Working Capital. The above values reflect typical average limits. Monthly credit guide may vary depending on risk. Overall Credit Grading i.e. A,B,C,D, takes into consideration behavioural and recent financial performance. Some differences may occur in the recommended monthly credit guide and the figures shown in the above table. This is because the monthly credit guide cannot exceed one tenth of the sales figure.

Non-incorporated (i.e. Firms but also includes incorporated companies in the Channel Islands and Isle of Man)

| FINANCIAL STRENGTH INDICATOR | OVERALL RISK LEVEL | | | |
|------------------------------|--|---------------------|---------------------|---------------------|
| | A (Excellent) £ '000s | B (Good) £ '000s | C (Fair) £ '000s | D (Poor) £ '000s |
| F1 | 75 | 50 | 37.5 | 5 |
| F2 | 50 | 37.5 | 25 | 3.75 |
| F3 | 25 | 18.75 | 12.5 | 2.5 |
| F4 | 10 | 7.5 | 5 | 0 |
| F5 | 5 | 3.75 | 2.5 | 0 |
| NIL | Used for newly established firms, modest opening credit advised up to a maximum of £2,000. | | | |

N.B. Financial strength indicator is based on number of employees and age of establishment.

The above figures give an indication of recommended monthly credit and should not be construed as maximum credit limits, which can only be established by the supplier.

www.graydon.co.uk

GRAYDON
credit risk intelligence

Graydon UK Limited, Hygeia Building, 66 College Road, Harrow, Middlesex HA1 1BE

Tel +44 (0)20 8515 1400 Fax +44 (0)20 8515 1499 email mail@graydon.co.uk