

## H7BL: Business Lending

Module Code:	H7BL
Long Title	Business Lending <b>APPROVED</b>
Title	Business Lending
Module Level:	LEVEL 7
EQF Level:	6
EHEA Level:	First Cycle
Credits:	5
Module Coordinator:	Philip Shanahan
Module Author:	David McCarthy
Departments:	School of Business
Specifications of the qualifications and experience required of staff	
<b>Learning Outcomes</b>	
<i>On successful completion of this module the learner will be able to:</i>	
<b>#</b>	<b>Learning Outcome Description</b>
LO1	Evaluate business loans for start-ups, sole traders, small and medium sized businesses and agri business, and make prudent lending decisions.
LO2	Prepare for client interview, know what questions to ask, and what financial information will be required.
LO3	Review and interpret business accounts and statements, and be able to assess key financial indicators.
LO4	Establish repayment capacity for loan applications.
LO5	Determine when security is required for a loan, and if so, the most appropriate type of security.
LO6	Be able to deliver reasoned and supported evidence for loan decisions, whether positive or negative.
<b>Dependencies</b>	
<b>Module Recommendations</b>	
No recommendations listed	
<b>Co-requisite Modules</b>	
No Co-requisite modules listed	
<b>Entry requirements</b>	

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Module Content & Assessment			
Indicative Content			
<b>Lending Process</b> Reminder of legal and regulatory responsibilities Application through to cheque drawdown Purpose of the loan, productive purpose, never to pay debts or taxes, concept that the last lender is the fool			
<b>Analysis of Financial Information</b> •Management accounts, i.e.client's own figures, likely to be limited in detail, unlikely to have P&L, may be basic Audited accounts, provided by accountant, within 18 months of year end Certified accounts, sole traders etc., prepared by accountant, may not have all info requiredto assess repayment capacity Revenue returns Strong bank account operation coupled with a good repayment record where small and repeat facilities are required Difference between new and established business, very different risk profile Differences in sole traders, SMEs and agri			
<b>Assessment of Repayment capacity from Information Available</b> Is the business profitable, can profit give client a living, pay taxes and pay back the loan?, NDI and expenditure guidelines Is the business generating cash, profit and cash may differ, is business being paid in time to meet obligations, revenue returns useful here Simple assessment of repayment capacity; net profit from accounts, add back depreciation and interest, less drawings = amount available for repayments Sales book previous and upcoming sales forecasts Short term facilities, cash-flow forecast may be helpful, client may have definite out of the ordinary payment coming to repay the facility How long is business established, has it a good repayment record, do figures stack up?			
<b>Understanding the Client's Business</b> Business is only as good as its promoters, assess the promoters as you would an individual loan (Campari or 5c's) Offer to visit business if felt necessary, there should not be resistance to this Are there other similar businesses on books that can be compared with? Is there a business plan? Does lenders auditor have experience in the industry use other sources to establish industry norms (IDA, Enterprise Centres, Internet, etc. Is business heavily reliant on a small number of clients, do they pay on time? What effect will the requested loan have on the business? Remember the client knows their business best, ask all questions that need answering What's the competition, what's the USP? Would you buy the product/service?			
<b>Knowing Your Client</b> When to interview, when not Applicant should be at ease, interview, not interrogation Examine financials pre-meeting have questions ready Technique will depend on clients personality Let client do most of talking, when appropriate Before interview note minimum required information required, make sure its obtained, use checklists If further information is required, write down what is required and give to client Ensure client knows that when A, B & C areavailable they will have a decision			
<b>Preparation of Pro Forma Financials in the Absence of Certified Figures</b> Prepare basic balance sheet from client information Will require debtors, creditors and stock figures, all assets and liabilities Debtor collection and creditor payment arrangements Any capital expenditure undertaken or planned Any personal assets/liabilities outside of the business Tax liabilities, including VAT			
<b>Understanding Working Capital</b> Definition; stock + debtors -creditors Poor w/c management will cause pressure on the business Poor working w/c may seriously impair repayment ability Which businesses have a w/c need and why What good w/c management involves			
<b>Examining Bank Statements</b> Are there loan repayments, were they declared? Are existing loans on the balance sheet Is the account operating within the overdraft stated on the statement?, is the overdraft limit similar on all statements? Lifestyle payments on business statement Does turnover equate to turnover per accounts or per customer figures? Are there unpaid items on the statement? Have any penalties been applied on the account?			
<b>Agri Lending</b> Importance of agriculture to the Irish economy Financial structure of Irish agriculture EU support and international markets Keyagri sectors & specialist sectors Agri is still a business loan, so business lending criteria applies Enterprises Off farm income Agri KPIs Farmers tend to know their business better than any other business person General, efficient farmer never stands still, always improving be investment in stock, machinery or buildings Emerging structures and technology			
Assessment Breakdown			%
Coursework			50.00%
End of Module Assessment			50.00%
Assessments			
Full Time			
Coursework			
Assessment Type:	Assignment	% of total:	50
Assessment Date:	n/a	Outcome addressed:	1,3,4,5,6
Non-Marked:	No		
Assessment Description:	n/a		
End of Module Assessment			
Assessment Type:	Terminal Exam	% of total:	50
Assessment Date:	End-of-Semester	Outcome addressed:	2,4,5
Non-Marked:	No		
Assessment Description:	n/a		
No Workplace Assessment			
Reassessment Requirement			
Repeat failed items <i>The student must repeat any item failed</i>			
Reassessment Description Specifically, where a learner fails to achieve a pass on the written exam on this module, he/she must resit another written exam. Failure to achieve a pass on the work-related assignment means he/she will initially be provided with feedback from the lecturer and then asked to re-evaluate the research done and resubmit based the feedback received. An appropriate timescale will be provided. If the learner fails the second written exam, he/she will be afforded a third attempt. A second failure on the work-related assignment means he/she will be given a new assignment and will be given appropriate time to complete and submit. A third failure on either assessment will mean that the learner must repeat the module.			

## H7BL: Business Lending

Module Workload				
Module Target Workload Hours 0 Hours				
Workload: Full Time				
Workload Type	Workload Description	Hours	Frequency	Average Weekly Learner Workload
Lecture	No Description	14	Per Semester	1.17
Directed Learning	No Description	6	Per Semester	0.50
Independent Learning	No Description	105	Per Semester	8.75
Total Weekly Contact Hours				1.67

Module Resources	
<i>This module does not have any book resources</i>	
<i>This module does not have any article/paper resources</i>	
<i>This module does not have any other resources</i>	
Discussion Note:	