

D&B Business Credit Reports

A Deep Dive into Managing Risk and Making Better Credit Decisions



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Introduction

When it comes to making business credit decisions, it's hard to know which information to trust. With millions of businesses generating billions of data points globally—ranging from payment experiences to financial changes to social media activity—it's clear that the data and analytics you rely on daily to manage risk and set appropriate credit terms can have serious implications for your company's financial health.

Consulting a business credit report is an important first step in evaluating partners to avoid payment defaults, reduce exposure to bad debt, and maintain healthy cash flow. Unlike consumer credit, there's no one single "credit score" in business credit. A business credit report can contain more than just operational information and firmographic data for verification and background review. Comprehensive credit reports consist of multiple types of predictive (future) and performance-based (historical) scores that showcase a company's reliability and financial stability.

Credit decisioning requires a deep understanding of the various types of credit scores and analytics, and how they work together to provide a complete picture of a company's likelihood to pay its bills on time. Dun & Bradstreet's proprietary predictive and performance-based scores let you see clearly and quickly what a business's payment behaviour is really like and how that affects its contractual obligations and future health. This allows you to assess risk across an organisation to uncover hidden dangers and potential hazards to make more intelligent risk decisions.

This guide will walk you through the key sections of a business credit report to explain what they mean and why they matter. Take a data-inspired deep dive to better understand how to evaluate a company's creditworthiness. After reading this, you'll be able to make more confident credit decisions that can ultimately help you grow better business relationships.



Everyone from small businesses to large global enterprises depend on D&B to help them find truth and meaning from data and find the best customers."

Company Profile

This introductory snapshot summarises the basic firmographic information you need to know about any partner or vendor you need to evaluate. It includes details such as the company's contact information, history, registration information, industry classification, and ownership. This information gives you an overview of a business's size and scope, how it's organised, and how it's been managed.

1

The **Dun & Bradstreet D-U-N-S® Number** is a unique nine-digit identifier for businesses that's used to establish business credit. D-U-N-S, which stands for Data Universal Number System, is available at no cost. It identifies, validates, correlates, and links information for businesses anywhere in the world.

2

On a scale from 1 to 100, the **Failure Score** predicts the likelihood that this business will seek credit relief or worse, go out of business. (Learn more about this indicator in the Risk Assessment section on page 6)

3

The **Delinquency Score** rates the probability that the business will pay its bills late. Higher scores indicate a lower probability of delinquency. (Jump to page 8 for a detailed explanation about this score in the Risk Assessment section.)

4

Age of Business and Employees - A company's ability to pay on time can be partly determined by its size and number of years in business. The estimated number of employees is a total for all branches and subsidiaries, as well as any overseas personnel. The age of business can differ from the incorporation date if the business has ever reorganised or changed its name.

5

Legal Form - Indicates the type of business, whether it's a private limited, publicly traded, sole trader, or limited liability partnership.

6

Date of Registration - The current business entity's date of incorporation (only applies to companies registered with Companies House or the Irish Companies Registration Office).

D & B SAMPLE CO LTD

Tradestyle(s): **ACTIVE** **HEADQUARTERS**

Address: Marlow International Parkway, MARLOW, SL7 1AJ, United Kingdom
Phone: +44 1628 492000
D-U-N-S: 21-456-7885
Registration Number: 434567

Track this Company

Failure Score	Delinquency Score	Age of Business	Employees
68 ▼ 28 (in the last month)	53 ▼ 45 (in the last month)	33 years 1984 Year Started	1,210 1,210 (here)

COMPANY PROFILE

D-U-N-S 21-456-7885	Telephone +44 1628 492000	Annual Sales £ 200,253 (in Thousand)
Legal Form Private Limited Liability Company		Employees 1,210
Date of Registration 11-01-1984		Age (Year Started) 33 years (1984)

Dun & Bradstreet's business credit reports are trusted by lenders and potential business partners for objective credit analysis.

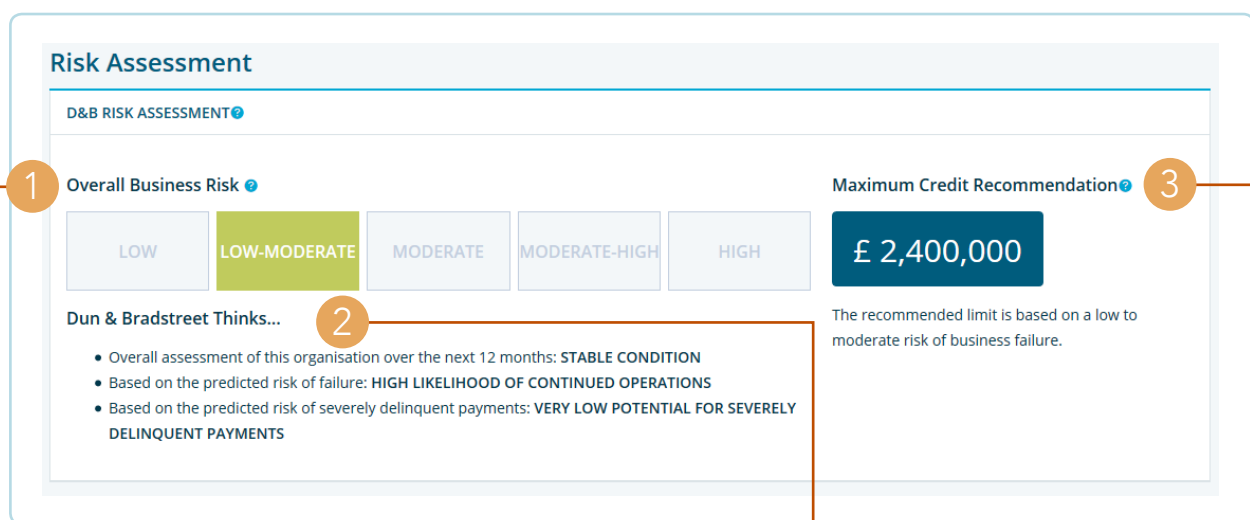
Business Activities

BUSINESS ACTIVITIES AND EMPLOYEES				
Business Information				
Employees	1,210			
SIC Information				
SIC Codes	Type	Source		SIC Description
62090	UK SIC 2007	D&B Sourced		Other information technology and computer service activities
82990	UK SIC 2007	D&B Sourced		Other business support service activities n.e.c.
7379	US SIC (1972)	-		Computer related services
7399	US SIC (1972)	-		Business services

Standard Industrial Classification (SIC) codes can help recognise industries that are potentially high-risk and ensure that potential partners really operate in the business they're registered to operate in. Industry codes are also important in portfolio management for segmenting accounts by industry for benchmarking and other indexing purposes.

Risk Assessment

This is the section where you will find some of the most in-depth and beneficial intelligence for assessing risk and making credit decisions. It contains D&B's most robust and reliable business credit scores and ratings, alongside comparative analysis with millions of businesses. These tools will give you a clear view of your potential partner's or customer's financial situation and the exact credit risk they pose.



Dun & Bradstreet delivers an **Overall Business Risk** that uses the best available scores, ratings, and indices to provide a high-level assessment for each company. The overarching Low- to High-Risk Levels are based on the combination of individual risk levels for scores, ratings, and indices that have been assessed for the specific company.

Whilst each market globally will have their own risk scores and ratings, the Overall Business Risk uses data that is available locally to create a globally consistent view that can be used to compare businesses in different countries to one another.

To accompany the Overall Business Risk, there are supportive commentary bullets under the **Dun & Bradstreet Thinks...** section that interpret the individual risk levels that make up the Overall Business Risk:

Holistically across all scores, ratings, and indices that give a perspective on business discontinuation or failure:

- Failure Score
- Risk Indicator from the D&B Rating

Holistically across all scores, ratings, and indices that give a perspective on payment behaviour

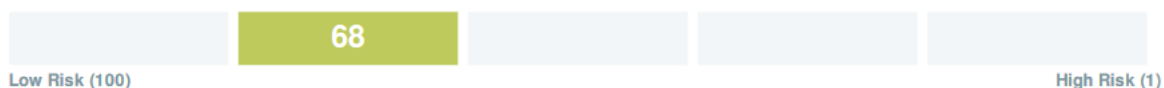
- Delinquency Score
- PAYDEX®
- 1-2 Trade Experiences

The **D&B Maximum Credit** shows the total value of goods and/or services the 'average' creditor should have outstanding at any one time with an organisation. It is not necessarily the maximum the organisation can afford and helps our customers to agree appropriate terms and limits when extending credit.

Failure Score

1

Failure Score Formerly Financial Stress Score



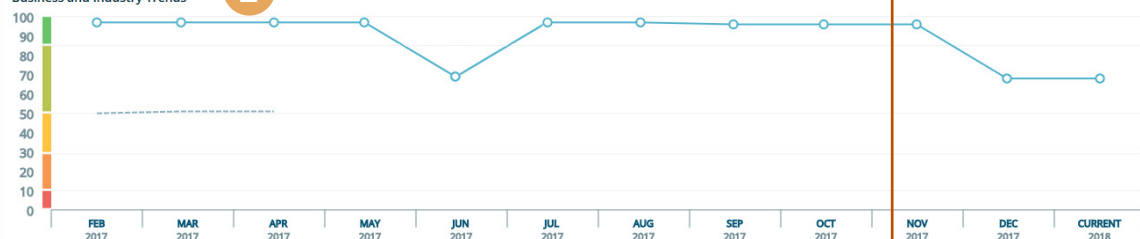
- There are no outstanding mortgages or charges registered against this business.
- The tangible net worth of the Domestic Ultimate Parent (D & B SAMPLE CO LTD) is satisfactory.
- The Principals' experience and the performance of their current associated businesses is strong.
- The pre-tax profit over total assets ratio (calculated from the accounts made up to 12-31-2015) is satisfactory or unknown.
- The latest financial accounts we hold are made up to 12-31-2015. More recent financial information is either overdue or not available.
- Values, ratios and trends taken from the Balance Sheet (made up to 12-31-2015) are generally satisfactory.

Level of risk
Low-Moderate

Probability of Failure
0.80%

Industry Average
1.34%

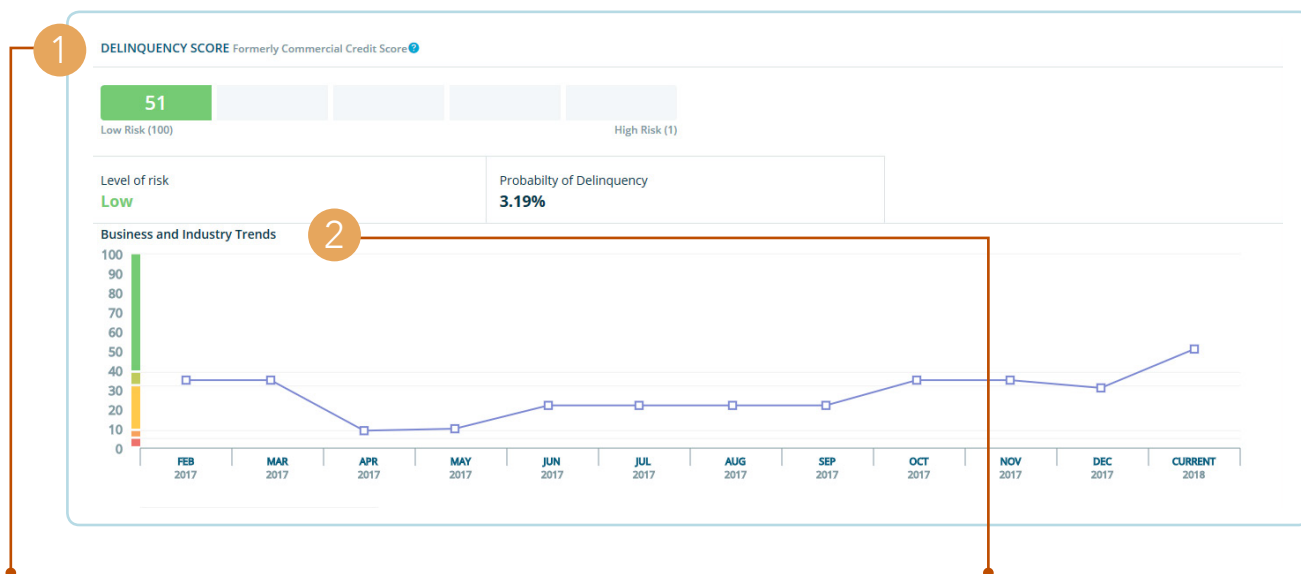
Business and Industry Trends



The **Failure Score** predicts the likelihood that the company will seek legal relief from creditors in the next year or cease operations and leave creditors on the hook. The score is based on a company's business history, payment habits, and industry norms. On a scale of 1 to 100, higher scores indicate a lower probability of failure. D&B also provides a bulleted list outlining the conditions used to determine the score. This is a helpful spot to learn if there are any outstanding charges or slow payment experiences reported.

The **Business and Industry Trends** historically charts the company's Failure Score over the past 12 months and lets you see how it compares to similar business in the same industry. This type of industry-specific reporting and analysis help benchmark companies against its peers to see how they stack up in the big picture.

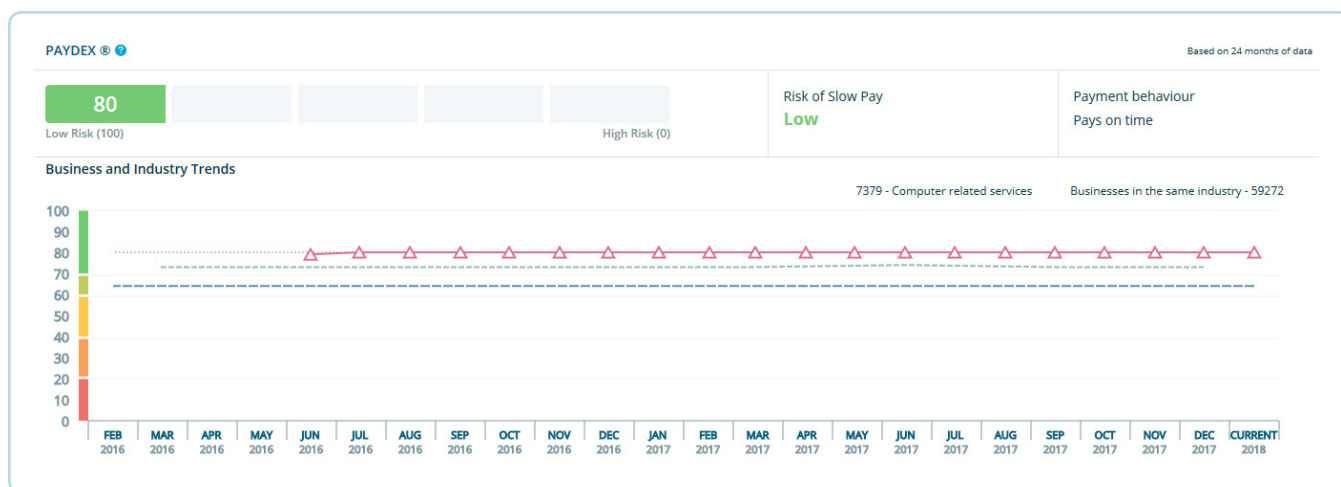
Delinquency Score



The **Delinquency Score** also looks at the next 12 months and rates the business on the likelihood of it making severely delinquent payments, seeking legal relief from creditors, or ceasing operations without paying creditors. This score is concerned only with invoice payments. It's calculated using such variables as available trade data, firmographic data, public records, and available financial data. A severely delinquent firm is defined as a business that has paid less than 75% of Trade Experiences within terms and more than 10% paid 90+ days late.

Like the Failure Score benchmarking index, the **Business and Industry Trends** maps this performance over the past 12 months in comparison to other companies in the same industry.

PAYDEX



The **PAYDEX®** score is a payment index – a unique pound-weighted assessment of the business’s credit history and payment performance over the past two years. The score is based on trade experiences reported by vendors and is derived from a weighted average of a company’s combined individual payment experiences (so larger invoice amounts weigh heavier in the overall index). A company needs at least three

pieces of trade reported by at least two different vendors in order to have a PAYDEX®. It’s based on a scale of 1-100 (where 100=best and 0=worst). A score of 80 is the benchmark; it means that a company pays its bills on time, or promptly, according to its suppliers. The PAYDEX® score differs from the Delinquency score in that it only considers past payment performance.

D&B Rating

D&B RATING

Current Rating as of 12-20-2017

Financial Strength

3A : £ 7,000,000 to £ 14,999,999
in Tangible Net Worth or
Equity

This Company's Current
Tangible Net Worth:
£ 14,128,000

Risk Indicator

2 : Lower than Average Risk

Previous Rating

Financial Strength

3A : £ 7,000,000 to £ 14,999,999
in Tangible Net Worth or
Equity

Risk Indicator

1 : Minimum Risk

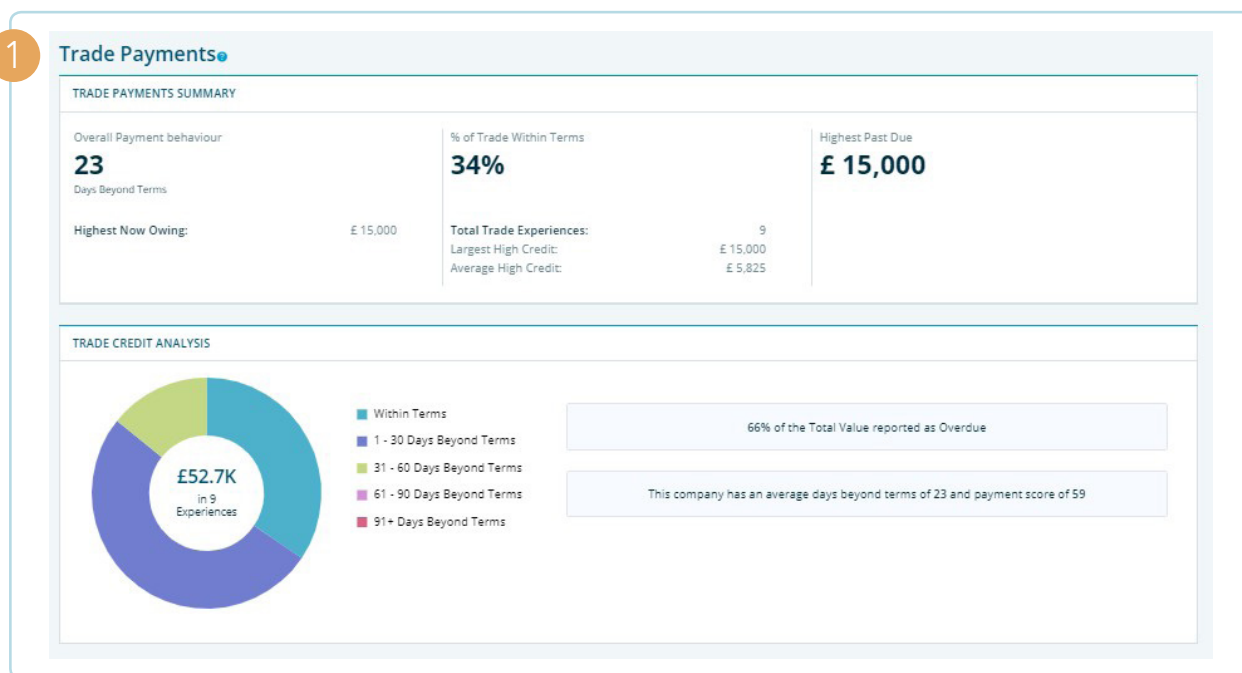
The **D&B Rating** is a proprietary indicator that quickly assesses the creditworthiness of a company based on the financial strength of the business, payment behaviour, age of the company, company size, and other important factors. As the D&B Rating changes, both the Current and Previous rating will be displayed.

- a. The **Financial Strength** rating indicates credit capacity and is based on net worth or equity as computed by D&B from financial statements supplied by the company.
- b. The **Risk Indicator** highlights the chance of business failure, ranging from 1 – 4, with one reflecting low/minimum risk and four reflecting high risk. The indicator is a direct mapping from the 1-100 Failure Score (see page 7).

Trade Payments

Trade Payments provide valuable insight to credit professionals – these records of payment behaviour offer objective evidence of how the company has paid other partners. D&B has thousands of partners in its Global Trade Exchange Program that share monthly trade payment data in exchange for complimentary access to exclusive D&B tools and data.

1



Trade Payments indicate how quickly a company is likely to pay its bills in the future by reviewing its payment performance with other vendors based on aging, amount of trade, and pound amounts. The **Trade Payment Summary** offers an overview of trade experiences, displayed by key trade elements including the percent of trade within terms, the average days beyond terms (DBT), highest credit amount currently owed, the highest past due amount and the average and largest high, based on the total number of tracked trade experiences. The **Trade Credit Analysis** graph segments the company's tracked trade experiences by DBT in an easy-to-read chart.

Trade Payments by Credit

Extended offers a sense of how this business handles its obligations across a range of payment categories. The chart shows the number of experiences and the total pound value of credit extended to this business within each category.

2

TRADE PAYMENTS BY CREDIT EXTENDED							
Range of Credit Extended (£)	Number of Payment Experiences	Total Value	% Within Terms	1 - 30 Days	31 - 60 Days	61 - 90 Days	91 + Days
100,000 & over	-	-	-	-	-	-	-
50,000 - 99,999	-	-	-	-	-	-	-
15,000 - 49,999	2	£ 30,000	25	50	25	-	-
5,000 - 14,999	2	£ 20,000	50	50	-	-	-
1,000 - 4,999	2	£ 2,000	-	100	-	-	-
Less than 1,000	3	£ 665	100	-	-	-	-

Legal Events

Understanding legal activity is crucial in identifying risk. Legal Events cover past and present legal activities that could impact a company's financial stability and operations. Examples of legal activities that could affect your business include insolvency events (such as administration, receivership and bankruptcy) court judgements, mortgages and charges, and other public filings. D&B collects business-related insolvency information from various sources, including UK courts and Companies House, and each insolvency is investigated and confirmed by an analyst before being posted to a business credit report.

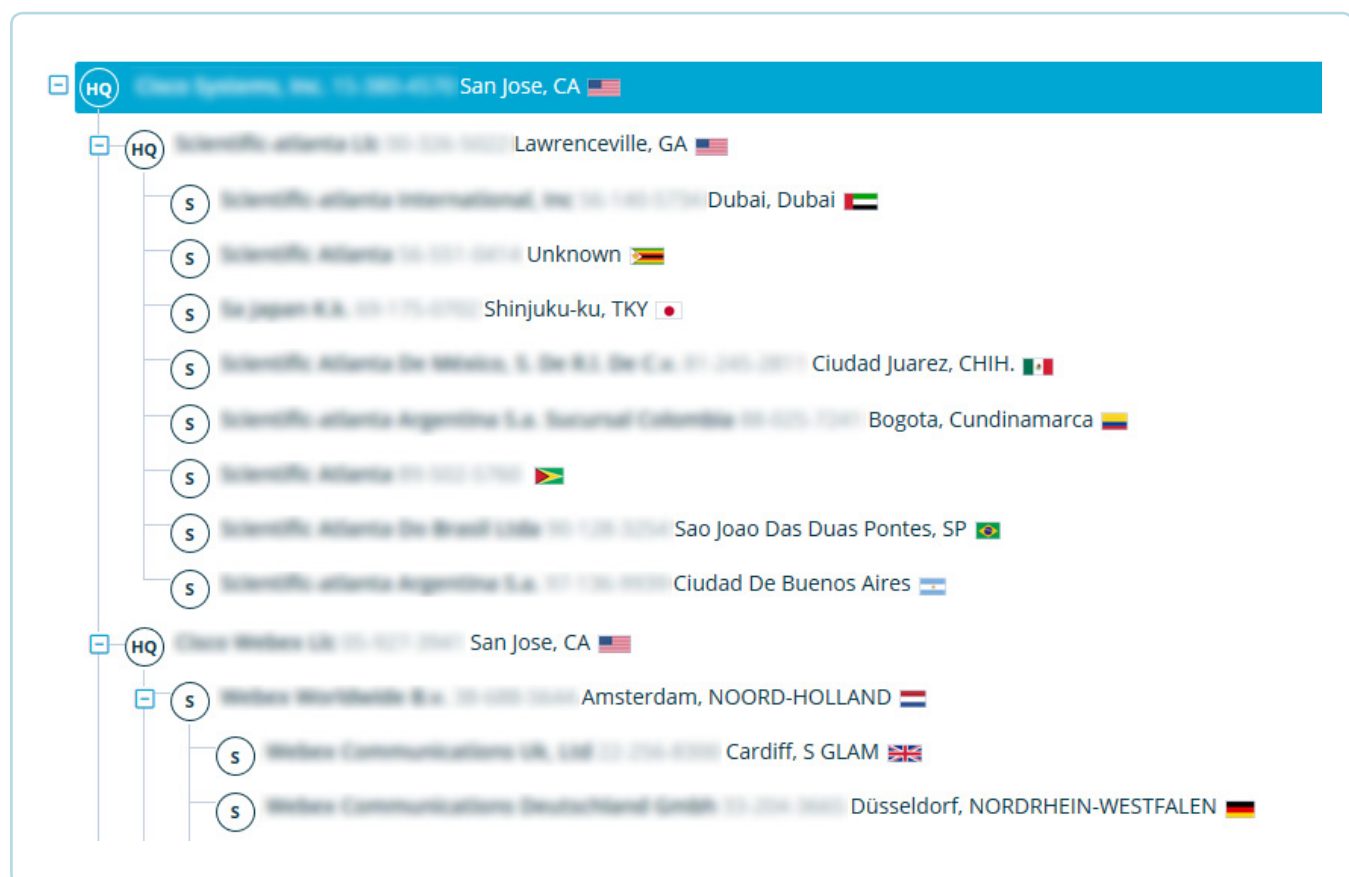
LEGAL EVENTS



Events	Occurrences	Last Filed
Insolvency	Yes	06/03/2018
Court Judgements	1	14/03/2013
Mortgages and Charges	21	14/12/2017
Public Filings	No	-

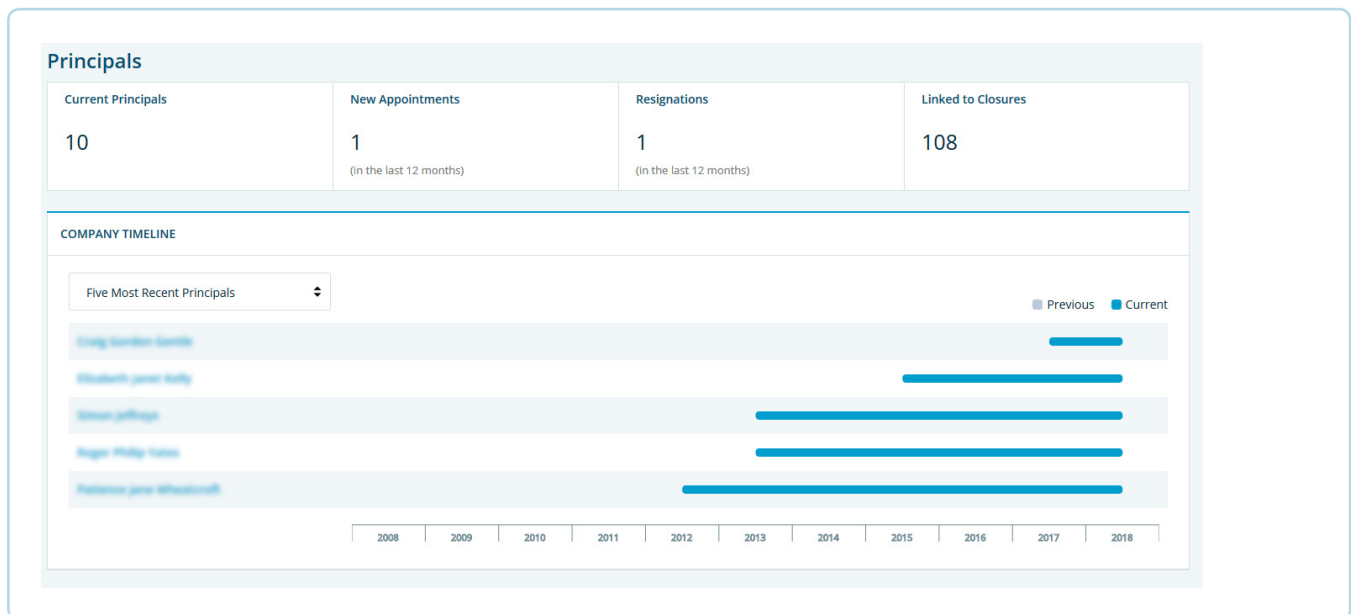
Family Tree

The Dun & Bradstreet Family Tree lets you assess risk across different parts of a corporate family by viewing the linkage relationship between different companies and their majority-owned subsidiaries and branch locations. From multinationals with thousands of global locations to small businesses with a second branch office, the Family Tree provides insight into relationships among the millions of active companies in the global D&B database. Seeing a visual representation of a corporation's different businesses and locations can help you assess a company's size, understand its real estate footprint, identify potential conflicts of interests, and create more accurate reporting on large suppliers. Remember, branch locations have no legal responsibility for debt, and understanding company relationships helps to better identify risk hotspots to make sure you can properly evaluate credit limits, prioritise collections, and recognise growth opportunities.



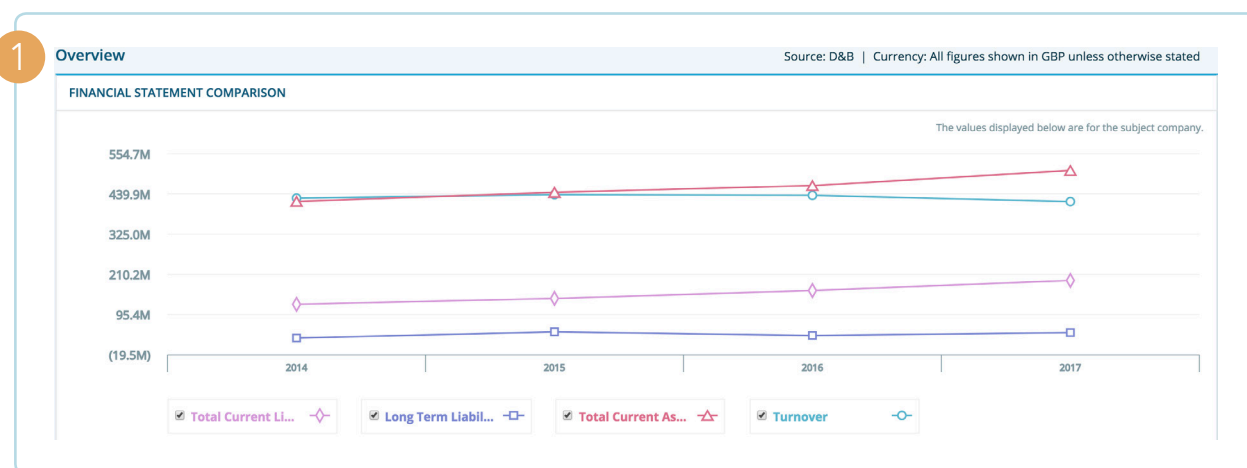
Principals

Information on the principals associated with a business is important as it provides insight into the people making the decisions. This insight includes previous experience and performance of associated businesses. The information used is collected from various sources, including Companies House for corporate entities.



Financials

Dun & Bradstreet provides comprehensive financial information across a variety of different company types, including Public and Private Limited companies in the UK. The Financials section of a business credit report provides summary views as well as detailed insight into a company's performance and stability over a period of up to 5 years. This data that can be critical when determining credit limits and lending terms.



The **Financial Statement Comparison** graph displays an overview of (up to) the past 5 years financial statement of a company with important trend data to aid decision making. This chart is customisable and can track up to five years' worth of assets, liabilities and turnover trends.

The **Financial Statement Overview** summarises a company's most recent financial statements with such figures as annual sales, profit/loss (before taxes), assets, and liabilities.



2

	Individual 28/01/2017 In Thousands	Individual 30/01/2016 In Thousands	Individual 31/01/2015 In Thousands	Individual 01/02/2014 In Thousands	Last 4 Years
Sales / Turnover	418,251	435,948	437,966	428,035	<div></div>
Profit / (Loss) Before Taxes	23,510	5,360	928	(8,500)	<div></div>
Equity Shareholders Funds	319,513	311,468	301,713	312,579	<div></div>
Tangible Net Worth	319,513	311,468	301,713	312,579	<div></div>
Total Fixed Assets	49,506	47,487	45,040	47,097	<div></div>
Total Assets	556,377	511,151	489,512	465,609	<div></div>
Total Current Assets	506,871	463,664	444,472	418,512	<div></div>
Total Current Liabilities	192,848	164,044	141,513	124,657	<div></div>
Net Current Assets (Liabilities)	314,023	299,620	302,959	293,855	<div></div>
Employees *	3,351	3,358	3,309	3,167	<div></div>

* = In Single Units

Other sections include Balance Sheet Information, Profit and Loss Accounts, Cash Flow Statement, and Financial Ratios. When you compare two or more successive financial statements of the same concern (example below), a trend becomes apparent. Individual items of the balance sheet and profit and loss statement, compared with identical items on previous statements, can be significantly revealing in decision making. Comparative analysis of a company's financial statement, to its previous results and to industry averages, is essential in assessing its financial health.

3

	Individual 28/01/2017 In Thousands	Individual 30/01/2016 In Thousands	Individual 31/01/2015 In Thousands	Individual 01/02/2014 In Thousands	Last 4 Years
Sales / Turnover	418,251	435,948	437,966	428,035	
Including Exports of	237	1,634	-	-	
Cost Of Sales	254,045	271,350	277,361	268,248	
Gross Profit / (Loss)	164,206	164,598	160,605	159,787	
Operating Expenses	164,985	178,235	178,429	186,910	
Other Operating Income	273	265	-	-	
Net Operating Profit / (Loss)	(506)	(13,372)	(17,824)	(27,123)	
Total Financial Income and Gains	28,250	23,966	21,784	23,531	
External Interest receivable	3,816	461	21,784	2,068	
Group Interest and Financial Income Receivable	24,434	23,505	-	21,463	
Total Financial Expenses and Losses	4,234	5,234	3,032	4,908	
External Interest Payable	1,424	1,541	3,032	914	
Group Interest Payable and Other Financial Expenses and Losses	2,810	3,693	-	3,994	
Profit / (Loss) Before Taxes	23,510	5,360	928	(8,500)	

Conclusion

Whether you're engaging a new partnership or extending credit to an existing customer, credit analysis involves a comprehensive understanding of the data and analytics in order to properly manage risk. Dun & Bradstreet's business credit reports are trusted by lenders and potential business partners for their objective credit analysis. Other credit reporting tools for more advanced credit needs - such as portfolio risk management and automated credit decisioning - are also available.

Risk management is a multi-faceted discipline, and Dun & Bradstreet believes strongly in sourcing multiple datasets to tell the full story of risk. It's important to know everything you can about the companies you do business with and make sure your decisions are backed by reliable data and intelligent insight. Dun & Bradstreet aggregates more than 30,000 sources of data to provide the insight needed to determine appropriate credit terms today – and tomorrow. Our data includes sources from trade payments, suits, legal filings, private company financial statements, and even news and social media activity. Thousands of companies, from small businesses to large global enterprises, depend on Dun & Bradstreet to help them find truth and meaning from data and find the best customers.

To learn more about D&B's Business Credit Reports and how you can make better credit decisions for your business, call (0800) 001234 or visit www.dnb.co.uk.



ABOUT DUN & BRADSTREET

Dun & Bradstreet (NYSE: DNB) grows the most valuable relationships in business. By uncovering truth and meaning from data, we connect customers with the prospects, suppliers, clients and partners that matter most, and have since 1841. Nearly ninety percent of the Fortune 500, and companies of every size around the world, rely on our data, insights and analytics. For more about Dun & Bradstreet, visit [DNB.co.uk](https://www.dnb.co.uk).

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