

# TRADE CREDIT



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## Plan:

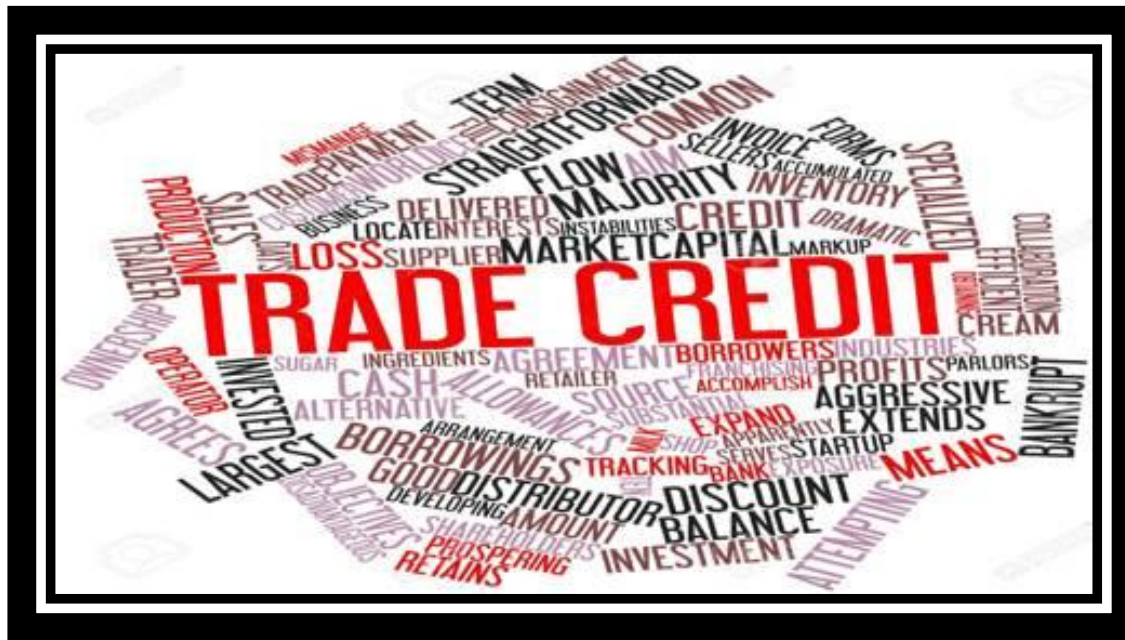
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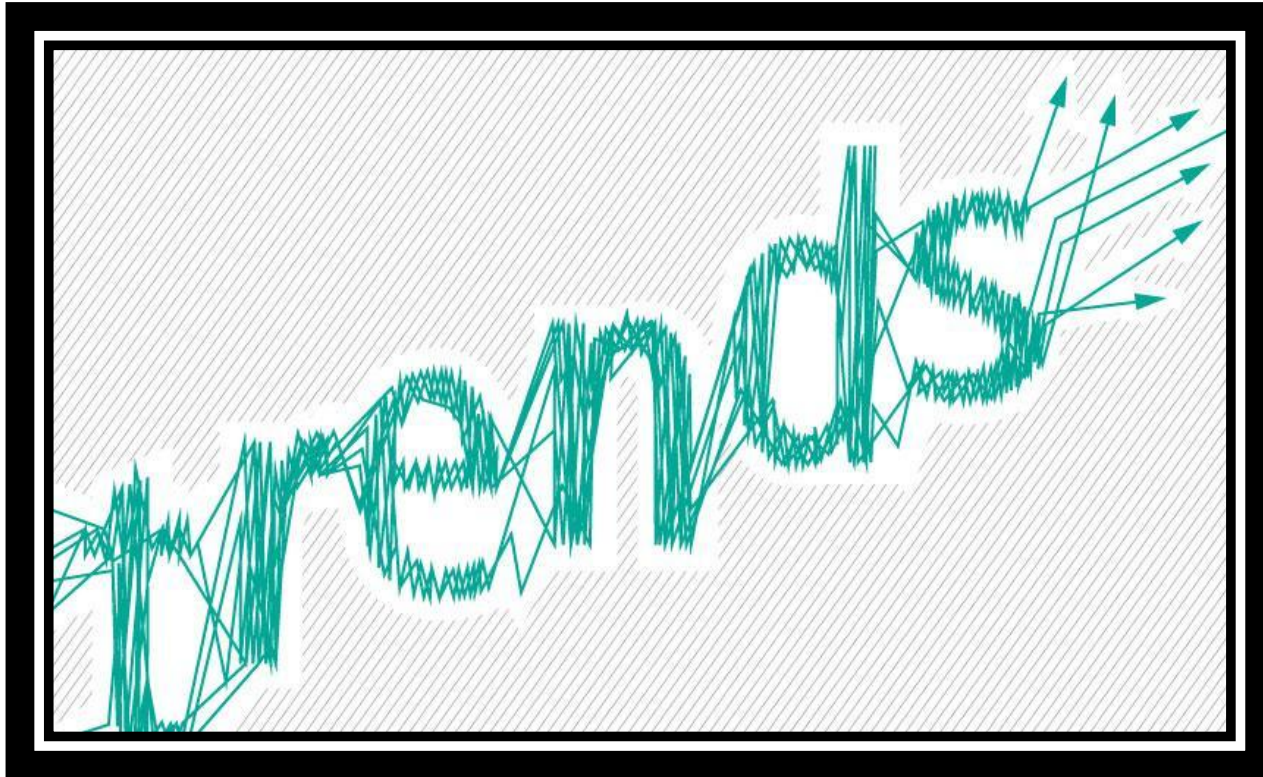
# INTRODUCTI ON

A trade credit is an agreement in which a customer can purchase goods on account, paying the supplier at a later date.





Trade credit is most rewarding for businesses that do not have a lot of financing options. After the 2008 financial crisis, traditional financing options for small businesses, such as debt and equity financing, became increasingly limited.



# TRADE CREDIT TRENDS

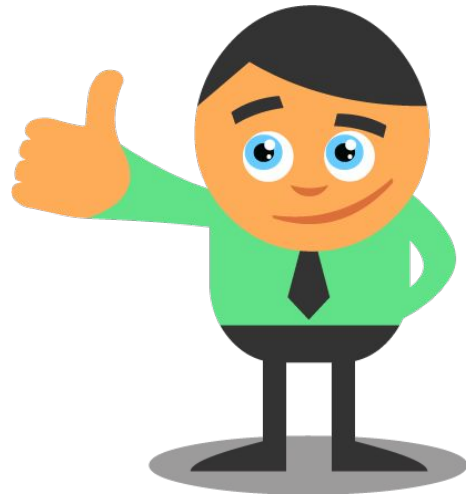




# TRADE CREDIT



**IN ESSENCE, THE SELLER IS MAKING A SHORT-TERM LOAN TO THE PURCHASER**



## HOW IT WORKS?



Steve Jobs and Steve  
Wozniak



«Byte shop» made an order for 50 computers, for each he paid \$ 500. Jobs immediately agreed, although they did not have enough money, but Jobs found a way out: he received a loan from Cramer Electronics distributor for 30 days.

**EXAMPLE**



## Trade credit in the UK









# AND DISADVANTAGES

Advantages	Disadvantages
spontaneous finance	higher costs
increased sales	Bad debts



# LIST OF SOURCES

- [https://www.investopedia.com/terms/t/trade-credit.a  
sp](https://www.investopedia.com/terms/t/trade-credit.asp)
- [https://en.wikipedia.org/wiki/Trade\\_credit](https://en.wikipedia.org/wiki/Trade_credit)
- [https://corporatefinanceinstitute.com/resources/kno  
wledge/other/what-is-trade-credit/](https://corporatefinanceinstitute.com/resources/knowledge/other/what-is-trade-credit/)
- [https://www.abi.org.uk/news/industry-data-updates/  
2013/06/trade-credit-stats/](https://www.abi.org.uk/news/industry-data-updates/2013/06/trade-credit-stats/)





**Thank you for attention**

