



Accounting for Credit Professionals is a foundation eLearning course in accounting principles. It is for credit practitioners who have either a limited background in financial accounting or need a refresher. This 10-12 hour course focuses on financial statements, concepts, and principles relevant to the field of credit.

### You learn how to:

- » Distinguish between accrual accounting and cash accounting and their uses.
- » Interpret accrual financial statements as typically used by credit institutions for analytical purposes.
- » Identify the assets that drive a company's borrowing needs and how different assets result in distinct borrowing needs.

- » Describe how common asset, liability, equity, and income statement accounts are constructed, especially within the context of capital investment and operating cycles.
- » Use financial statement data to detect client borrowing needs and credit implications.

**Financial Statement Structure and Composition**

**Introduction** ✓

**What You Need to Know** ✓

**What You Need to Do** ✓

**How This is Useful** ✓

**Questions You Should Ask** ✓

**Knowledge Check**

You should know that financial statements, when prepared accurately, are a critical window to the operations and health of a business. As such, they can play a pivotal role in helping you to assess financial risk. You should thus be familiar with the different types of financial statements, and be able to explain the information each type includes and how it is presented. Read the following information to learn more about the structure and composition of financial statements.

**Accounting Blocks**

- » There are five basic accounting blocks, or groups, in which accounts are arranged in the financial statements. These are:
  - Asset accounts
  - Expense accounts
  - Liability accounts
  - Equity accounts (or net worth accounts)
  - Revenue accounts

Within these blocks are a large number of accounts that refer to both general and specific transactions. However, every account falls into one, and only one, of the five blocks.

- » The purpose of the accounting blocks is to arrange financial statement accounts into logical groups for transaction analysis. In the sample statements in this lesson, the asset and expense accounts are placed on the left side of the page, and the liability, equity, and revenue accounts are placed on the right side. This

Moody's Analytics learning solutions help transform work performance, providing you with the skills and tools to apply complex concepts and make sound credit decisions.

**Long-Term Financing and Risk Considerations**

**Introduction** ✓

**What You Need to Know** ✓

**What You Need to Do** ✓

**How This is Useful**

**Questions You Should Ask**

**Knowledge Check**

**Long-Term Financing and Risk Considerations: Example**

Early in 20X0, you lend \$400,000 to Machining Ltd. to finance the acquisition of machine tools for use in its factory. At that time, the tools were estimated to have a useful life of 10 years. The loan is for 8 years at 12% interest. The LTV ratio at inception is at 68% and is expected to remain close to this percentage throughout the loan term.

The table below shows an extract from the financial statements of Machining Ltd. from 20X0 to end of 20X4.

	20X0	20X1	20X2	20X3	20X4
<b>Fixed assets - machinery (\$'000)</b>					
Cost	600	600	600	600	600
Accumulated depreciation	60	120	180	240	360
<b>Net book amount</b>	<b>540</b>	<b>480</b>	<b>420</b>	<b>360</b>	<b>240</b>
<b>Debt</b>					
Current	37	41	46	51	57
Non-current	331	290	244	193	136
<b>Total</b>	<b>368</b>	<b>331</b>	<b>290</b>	<b>244</b>	<b>193</b>

You notice that the annual depreciation charge, which was constant at \$60,000 per year, increased in 20X4 to \$120,000.

Moody's Analytics programs provide robust lending scenarios to practice complex concepts, apply new credit skills and demonstrate mastery.

## With Moody's Analytics eLearning:

- » You concentrate your studies on the areas where you have knowledge gaps through our pre-course diagnostics and comprehension checks.
- » You optimize your learning time through our engaging, industry-leading, online programs with interactive, multi-media lessons, which feature videos and quizzes.
- » Program sponsors can monitor participation, assess performance, and access critical detail to support mentoring, additional training, and ROI.

## Who is taking this course?

- » Small business and commercial lenders
- » Relationship managers
- » Credit analysts and underwriters
- » Risk officers

In today's highly competitive financial services landscape, employees who are committed to their personal development are the ones who excel. Understanding accounting and interpreting financial statements are critical skills needed by those who assess credit risk and make lending decisions. Accounting for Credit Professionals provides the grounding in accounting that is required to grasp the financial analysis principles taught in the Moody's Analytics Commercial Lending and Small Business Lending curricula.

### Accounting for Credit Professionals

Each module starts with a diagnostic test, followed by three to four lessons and a final graded assessment.

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Introduction to Accrual Accounting	The Operating Cycle
The Asset Conversion Cycle	Liabilities and Equity
The Capital Investment Cycle	Financial Reporting

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The course can be completed in 10 to 12 hours.



## LEARN MORE

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