

Managing Cashflow Guides

Invoicing

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The Managing Cashflow Guide series is produced by the Chartered Institute of Credit Management (CICM) in association with the Department for Business, Energy and Industrial Strategy (BEIS).



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If you don't raise an invoice, you won't get paid. Invoicing should not be seen as a back-office administrative nuisance. Rather, it is a vital first-step in achieving healthy cashflow.

CAN YOU ANSWER YES TO ALL THESE QUESTIONS?

- Do you raise an invoice immediately after you have supplied the goods or service?
- Do you make sure that everything the customer requires appears on the invoice?
- Do you have an effective accounting system and have you considered using dedicated accounting software?
- Do you have a process for investigating and resolving disputed invoices immediately after the query is raised?
- Do you log the details of disputes so you can fix any avoidable root causes?
- Do you keep documentation relating to disputes as evidence in case the problem escalates?
- Do you keep a record of the customers that dispute invoices so you can spot any who do so regularly as a way of avoiding prompt payment?
- Do you ensure your sales invoices are fully compliant with HMRC requirement for VAT if you are VAT registered? See <https://www.gov.uk/vat-record-keeping/vat-invoices>
- Do you clearly indicate any reference the payer must quote so you can identify the payment?

Invoicing

FIVE TOP TIPS

- The sooner you ask, the sooner you can get paid; send invoices by first class post or, use an e-invoicing solution.
- Get invoices right first time; raising credit notes and reissuing invoices takes up resources and time better spent elsewhere. It also changes the payment due date.
- Ask customers what they need on the invoice in order to approve it simply and quickly. Include at least the following:
 - › Your full name and address › Your VAT registration number › Invoice date › tax point (if different)
 - › Correct customer name › Correct customer address › Delivery address (if different)
 - › Delivery date and method › Customer Purchase Order number
 - › A clear description of the goods or service supplied › Accurate quantities, prices, discounts and total amount due › Payment terms and due date
 - › How payment should be made with bank details (including sort-code and account number from bank statement)
 - › A unique sequential invoice number › Amounts excluding VAT, and total including VAT
- Include the words: "We will exercise our statutory right to claim interest (at eight percent over the Bank of England base rate) and compensation for debt recovery costs under the Late Payment legislation if we are not paid according to our agreed credit terms" on every invoice, and print your terms and conditions on the back.
- Have a system for resolving disputed invoices promptly, especially if a customer is using a small query to withhold payment of a large amount.



Contacts and suppliers

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The Chartered Institute of Credit Management (CICM) is the largest recognised professional body in the world for the credit management community. Formed over 75 years ago, the Institute was granted its Royal Charter in 2014. Representing all areas of the credit and collections lifecycle, it is the trusted leader and expert in its field providing its members with support, resources, advice, and career development as well as a networking and interactive community. In addition to its comprehensive suite of qualifications and learning opportunities, events and magazine 'Credit Management', the CICM administers the Prompt Payment Code for BEIS. Independently, and through collaboration with business organisations, it provides vital advice to businesses of all sizes on how best to manage cashflow and credit.

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Note – inclusion of supplier details in the above list does not constitute endorsement or recommendation of that company, its products or services.

Credit Services Providers – To be included in this page, please email cashflowguides@cicm.com for further details.



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Guides in this series:

1. Knowing your customer
2. Payment terms
- 3. Invoicing**
4. Treating suppliers fairly
5. Credit insurance
6. Invoice Finance and Asset Based lending Options
7. Chasing payment
8. When cash runs short
9. When all else fails
10. When your customer goes bust
11. Managing cash through Brexit
12. Investing in equipment

For tips on getting paid and advice on best practice in credit management, call the Chartered Institute of Credit Management on **01780 722912** email **helpline@cicm.com** or visit **<http://www.cicm.com/member-helpline/>** For information and advice on starting up, running and growing a business visit **www.gov.uk**

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Prompt Payment Code

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