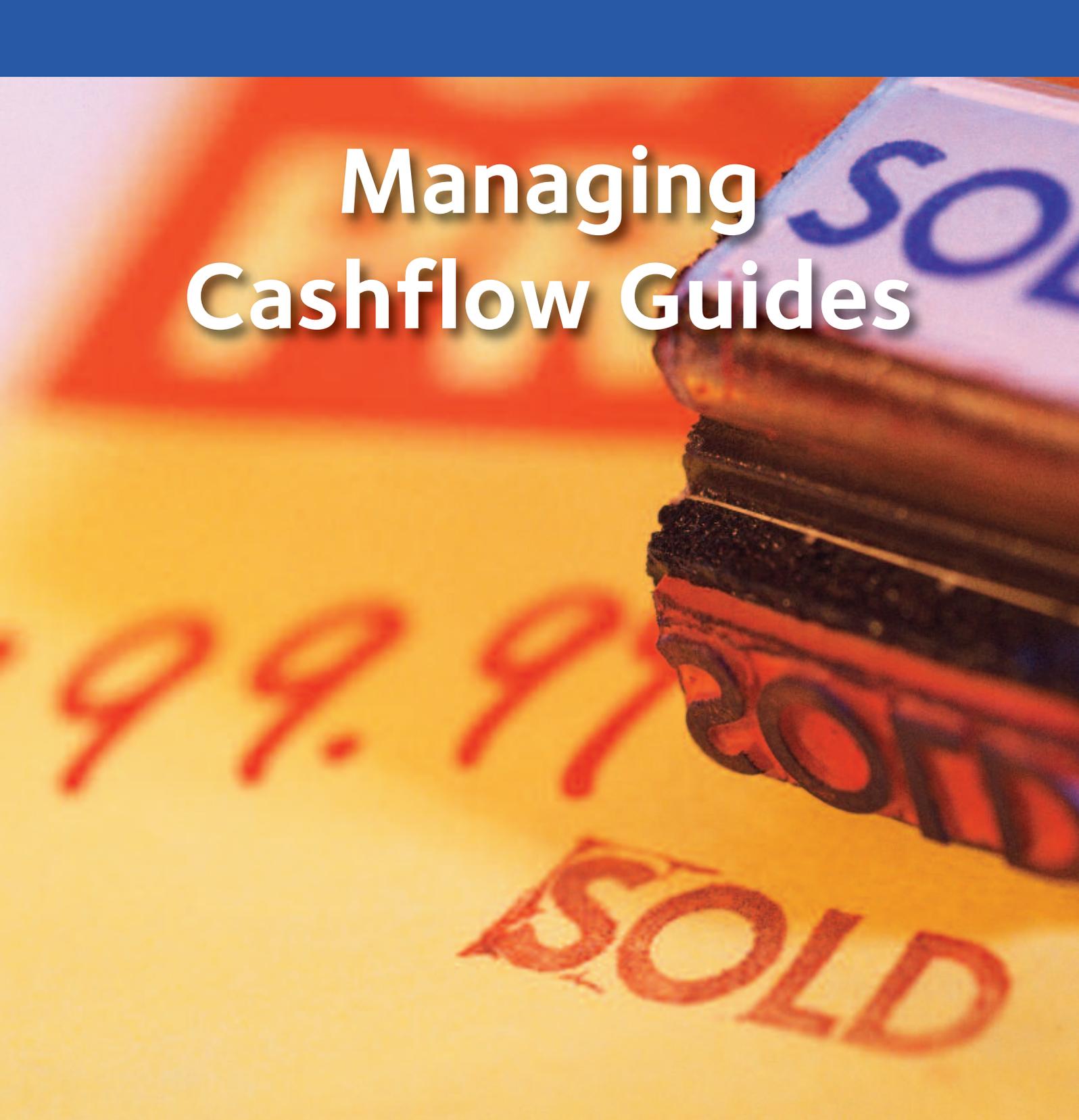


Managing Cashflow Guides



3. Invoicing



Cashflow is critical to business survival but all too often the day-to-day challenge of running a business, particularly a smaller business, can mean losing sight of some of the skills for successful cashflow management. This series of guides, developed in partnership with the Institute of Credit Management, is part of a series of initiatives providing practical support to help businesses help themselves through these difficult times. They are designed to provide straightforward and speedy advice with simple checklists and top tips. I hope you find them useful.

Peter Mandelson
Secretary of State for Business

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 [HMRC VAT invoices](#)

Five Top Tips

- 1.** The sooner you ask, the sooner you can get paid; send by first class post or, better still, by email.
- 2.** 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.
- 3.** 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
 - 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)
- 4.** Include the words: "We will exercise our statutory right to claim interest (at 8% 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.
- 5.** Have a system for resolving disputed invoices promptly, especially if a customer is using a small query to withhold payment of a much larger invoice.

The Guides in this series:

1. Knowing your customer
2. Payment terms
3. Invoicing
4. Treating suppliers fairly
5. Credit insurance
6. Factoring and financing options
7. Chasing payment
8. When cash runs short
9. When all else fails
10. When your customer goes bust



BERR | Department for Business
Enterprise & Regulatory Reform

For tips on getting paid and advice on best practice in credit management, call the Institute of Credit Management on **01780 722 911** email **tech@icm.org.uk** or visit **www.creditmanagement.org.uk**

For further information and advice on starting up, running and growing a business, call Business Link on **0845 600 9006** or visit **www.businesslink.gov.uk**



Empowering the credit profession



Credit Management Matters