

## Debts; asset or liability?

Maximising cash has rarely been more crucial as it may be difficult or too time consuming to secure extra funds if a temporary shortfall is identified. The quickest way to improve your cash position is to collect your debts.

Cooper Parry has helped businesses to ensure they have robust procedures in place and that they minimise exposure to bad debts.

Follow these top tips to help minimise your exposure and to build relationships with customers that are healthy for your business:-

- Perform credit checks, set limits and adhere to them. Review and update them regularly.
- Have clear terms and conditions and endeavour to obtain a signed copy from the client. This helps to prove its acceptance in the event of a dispute.
- Ensure terms are clear regarding payment dates and have clauses entitling you to pursue interest and costs as legislation for late payment allows.
- If you deliver product have an 'all monies' reservation of title clause.
- Document verbal orders and confirm them.
- Obtain signed delivery notes where appropriate and retain copies with the original order and invoice in case of any dispute.
- Resolve invoice issues promptly.
- Disputes may be time consuming to resolve so secure payment for the undisputed amounts.
- Break down large deliveries or projects into smaller invoices so that any disputes do not prevent payment of the whole.
- Consider prompt payment discounts ensuring this does not erode all profit margin.
- Be firm with late paying customers and do not be distracted or tempted to be lenient where factors or invoice discounters do not retain funds until well beyond the due payment date.
- Put late payers on stop and seek recovery of any product that may be on a client's Premises.

Unfortunately many businesses and individuals are facing financial difficulty and advice sought may include a recommendation to prioritise payments so that crucial suppliers are paid first. Robust credit control procedures outlined above will help make you a priority.

Often credit control is deemed an overhead and management try to minimise its cost whilst investment in this area can pay for itself many times.

If debts remain unpaid for six months beyond their due date, you should claim bad debt relief at the next available opportunity.

Cooper Parry can help check whether your customers have any outstanding judgments, review your terms for areas of improvement, help to recover items delivered and help with VAT returns and bad debt relief claims. If a customer enters formal insolvency we can attend creditor meetings on your behalf and summarise the potential outcome.

