

Managing invoice finance



Here are some notes to help you manage your invoice finance facility. Please have a look through and if you have any questions, just ask your relationship manager.

This information does not form part of the agreement.

Notification of debts

You must tell us about all debts in your facility as soon as the sale contract has been agreed.

This includes non-notifiable debts as defined in the terms and conditions of the agreement, and debts from associates and other businesses that you, your shareholders or directors are connected with.

Please also tell us about all credits in line with the terms.

Remittances

When a customer makes a payment on debts we've purchased, they need to be paid into the nominated account(s) detailed in your agreement, or any other account we have specified. For cheque payments, please use our paying-in books.

If any payment is made to your own bank account, please transfer it to your nominated account straight away. Please regularly check your bank statements for money paid into the wrong account by mistake.

If any payment is made to settle both notifiable and non-notifiable debts, pay the total amount to us and please ask if you would like us to refund amounts paid to settle non-notifiable debts.

Document retention

Keep all documents relating to the sales contract for each debt, including orders, contracts, delivery or satisfaction notes, time sheets, remittance advices etc. We may need to see and take copies of them.

Back up electronic copies of your purchase and sales ledger records every night, and take them offsite or store in a fireproof container.

Notice of assignment

For factoring and disclosed invoice discounting agreements, all invoices and statements that you send to your customers must have the assignment stamp fixed, or printed approved wording.

Stationery

All business letters, invoices and credit notes need to contain information that identifies your business. Companies and Limited Liability Partnerships need to state their full name, registered number, registered office address and place of registration.

Partnerships must include the full names of all partners and the principal place of business.

Invoices and credit notes should include your registered VAT number if you have one. All invoices should contain your terms of payment, any settlement discount and the customer's order number, if applicable. Credit notes should specify the invoice number(s) that the credit relates to.

Sales ledger

You need to give us access to your sales ledger records when we ask. The sales ledger must be up to date, and the names of customers (particularly partnerships and sole traders) must be fully and accurately recorded.

Debt Turn Target

This is the average maximum number of days we would expect your debtors to pay you, based on your total sales ledger over the past three months.

The target is set up based on your historic performance and we always build some headroom in it, in your favour. If your target gets missed then the number of days it is missed by is translated to a percentage against the target. Your prepayment will be reduced by the same percentage.

Here's an example:

Debt turn target:	50 days
Actual debt turn at month end:	51 days
Reduction in the prepayment percentage:	$\frac{(51-50)}{50} = 2\%$

The prepayment percentage will be reduced by 2% from the first day of the following month. This will reduce your availability.

We'll measure the debt turn at close of business on the last banking day of each month. If it exceeds the debt turn target, we'll reduce the prepayment percentage by the percentage that the actual debt turn exceeds the debt turn target, unless the cash collection target for the same month is met or exceeded.