

↗ GROWTH

Cash collection

Get paid promptly, with better credit control and a clear view of cash flow. Profit is an opinion; cash in the bank is a fact.

Measure it: debtor days

$\text{Debtor days} = \text{trade debtors} \div \text{annual credit sales} \times 365$

A business with credit sales of £2m and £329,000 owed by customers has debtor days of **60**. Bringing that down to **45 days** would cut debtors to about £247,000, releasing around **£82,000** of cash, with no extra sales.

Before the work starts

- ☐ Credit-check new customers, and set a credit limit
- ☐ Agree written terms, including payment terms and your right to late payment interest
- ☐ Take deposits or staged payments on larger jobs
- ☐ Get a purchase order number and the right contact for invoices
- ☐ Set up direct debit or card payment for recurring work

Your legal rights

Statutory interest	8% a year above Bank of England base rate
Fixed compensation	£40 on debts under £1,000; £70 up to £9,999.99; £100 on £10,000 or more
Default payment terms	30 days, if none were agreed
Maximum agreed terms	60 days between businesses, unless expressly agreed and not grossly unfair

Under the Late Payment of Commercial Debts (Interest) Act 1998, for business-to-business debts.

COMING SOON

The Late Payments Bill, now in Parliament, proposes a 60-day cap on payment terms for large businesses paying smaller suppliers, and mandatory late payment interest.

Invoice well

- Invoice the day the work is done or the goods are delivered.
- Show a clear due date, such as “Due 31 October”, rather than “30 days”.
- Add a payment link so customers can pay in one click.
- Send monthly statements, and chase queries before the due date.

A credit control timetable

WHEN	ACTION
7 days before due	A friendly reminder, with a copy of the invoice and a payment link
Due date	Check payment has arrived
3 days overdue	Phone the customer, and agree a payment date
7 days overdue	Second reminder, with a statement
14 days overdue	Formal letter, referring to statutory interest and compensation
21 days overdue	Director-to-director call; consider pausing further supplies
30 days overdue	Letter before action, then a claim or a collection agency

Keep cash in view

- Review aged debtors every week, not every month.
- Run a 13-week cash flow forecast to see pinch points in advance.
- Look at the other side: supplier terms, stock levels and tax payment dates.
- If a tax bill is a problem, talk to HMRC early about a Time to Pay arrangement.

How we help

- 01 Automated reminders** set up in Xero or QuickBooks.
- 02 Payment links and direct debit** through your accounting software.
- 03 A weekly debtor report** and a 13-week cash forecast.
- 04 Credit control** processes designed, or run for you.

↗ TALK TO A PARTNER

Want to be paid faster?

We set up the systems, reports and routines that turn invoices into cash, and help you keep cash in view. You deal directly with Doug Murphy or Stephen Thompson, not a rotating account team.

[Book a discovery call →](#)

PHONE 0161 835 2080

EMAIL client@mtmllp.co.uk

MANCHESTER 3rd Floor, 82 King Street
Manchester M2 4WQ

WILMSLOW Cresta House, 42 Water Lane
Wilmslow SK9 5AL