



3rd November 2008

Customer Accounts Policy – Plain English

Credit Limit

It is our company policy to insure all our customers account debts. The company we use to do this is Euler Hermes, they give us an 'insured limit' for limited companies, partnerships and sole traders. This limit is based upon the latest available financial information, i.e. the last 'filed' audited accounts and any other positive (or negative) information they may have access to. The credit limit we set for each account is based upon the limit we are given, *see also discretionary limits (below)*.

Once a limit has been set, if the level of trading increases to or beyond the limit, we (*on the instruction of our Finance Director*) are still able to apply to Euler at any time for an increased limit. At this time, Euler will review the latest financial information and make a decision (*this can take up to 1 week*). If there is no new financial information available, Euler are unlikely to increase the limit, unless, we originally applied for less than was available, or we can submit copies of new unaudited/management accounts. If there are new accounts, which show an improvement, Euler may agree to increase the limit.

It is also possible that if the latest accounts show a poor result, our request can trigger a reduction or a zero rather than the increase hoped for. Please note that Euler do monitor companies that they are 'covering' and if at any time they receive good, or adverse trading information, we can occasionally receive an increase/a reduction, or zero 'out of the blue'. If the limit is increased, we will then advise our customers accounts department by fax or email of the change and our accounts system will be updated accordingly. If the limit is decreased or removed, we will review the account. If we are unable to provide a discretionary limit, we will call to advise the client personally before we fax the advice.



Accepted Methods of Payment

- Cheque *We do not accept post dated cheques*
- BAC's Please allow 2/3 days to clear. Please advise us by fax
- CHAP's Same day. Please advise us by fax
- Debit Card Switch, Solo, Visa Delta, Maestro or Visa Electron
- Credit Cards *Subject to a 2.59% fee, MasterCard, Visa, Visa Commercial & JCB*

New Customers

If a new customer places an order, the first question we will ask, is; do they want a credit account? If they prefer not to have one, we will give them an account reference with a credit limit of zero and treat them as a 'Proforma' account (*see below*). If they do wish to open an account we will fax the appropriate application form and follow the procedure below. If the first order is on a proforma basis either by choice, the order is so urgent that it cannot wait for the account application process, or we are unable to obtain an insured limit and the order value (gross – with VAT) exceeds £5000, then we will require cleared funds before we can despatch the goods. To speed things up, we can suggest a CHAP's payment (same day, but we might not be able to find out until 4pm, after Citylink has gone) where, by prior agreement we will pay the bank charges.

Account Application

Once we have established what type of business we will be trading with, Limited Company, Partnership or Sole Trader, we will fax or email the appropriate account application form. Once we have received the completed form, which must be signed by an appropriate signatory to accept our terms, we will then apply to Euler requesting a limit based on likely turnover. Please note that Limited Company requests usually take up to 2 days, and Partnerships or Sole Traders have been known to take several weeks if the information is not readily available. Once Euler reply with a limit, we will then fax or email our customer to advise them of their credit limit and account reference. Please note that we do unfortunately get lower limits than we have applied for and sometimes zero. This is because the business has not been trading for long enough to have 'filed' any accounts, because they are late filing accounts, their accounts show a poor result or there is some form of adverse trading history. In this case the application and all other relevant paperwork will be passed to our Financial Director for a discretionary decision (*see below*). If we are unable to give a discretionary limit, we will call the customer to advise them personally before we fax or email our decision. The account will then be treated as Proforma (*see below*).

2 Lowesden Business Park, Lambourn Woodlands, Hungerford, Berkshire RG17 7RY

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Web Site: www.rgbcomms.co.uk



Payment Terms

Our standard terms are 30 days from invoice date. For customers who do not have a credit account, please see 'New Customers' (above) or Proforma accounts (below).

Prompt Payment

By negotiation.

Proforma Accounts

Once we have received payment we will allocate/order the goods and despatch/invoice the goods as soon as possible.

Overdue Accounts

Customers will be placed on 'Credit Hold' by our accounts department for invoices that have not been paid within terms. We usually allow 3 or 4 working days for delay in the post etc. then an account will automatically go on hold. If at this time, there are any outstanding orders that may be affected, we will advise the person who placed the order.

If the account is still overdue and we have not received a satisfactory explanation, 14 days later a final demand will be faxed or emailed.

If in the unlikely event that a further 7 days elapses and we have still not received settlement or a satisfactory explanation, we will then pass the paperwork to our solicitors who will pursue the debt on our behalf. At this point we will automatically remove the customer's credit limit (insured or not). We will only re-instate it when the debt is paid and we can satisfy ourselves that the situation is not likely to re-occur. If it does re-occur and we have to involve solicitors for a second time, the credit facilities will not be re-instated.

Please note that if a customer is on credit hold, we will still accept new purchase orders. When the account comes off hold, the goods will be allocated/ordered to be shipped as soon as possible. Please note that if a customer is on credit hold, we will accept payment for the overdue amount (not for new orders) by credit card or debit card. If a credit card is used, we will require a faxed order to authorise us to raise an invoice for the 2.59% credit card fee plus VAT. Debit cards do not carry a fee and no new order will be required.

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Discretionary Limits

If we are unable to obtain a sufficient insured limit, we are quite willing to add our own temporary or long-term limit. The decision can only be made by our Finance Director and will

be based on a combination of our history of individual accounts, long standing relationships, previous good payment records, trade references and close communication.

Statements

Are sent by email or post as payment becomes due. Or by request.

Caroline Britt

Managing Director

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